



Admission Document

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 consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”) who specialises in advising on the acquisition of shares and other securities.

This document comprises an admission document prepared in accordance with the rules of the AIM, a market operated by the London Stock Exchange plc (“**AIM**”). Application has been made for the whole of the issued and to be issued ordinary share capital (the “**Ordinary Shares**”) of Victorian Plumbing Group plc (the “**Company**”) to be admitted to trading on AIM. This document contains no offer of transferable securities to the public within the meaning of sections 85 and 102B of the FSMA, the Companies Act 2006 or otherwise. It is expected that such application to AIM will become effective and that dealings in the Ordinary Shares will commence at 8.00 a.m. on 22 June 2021. The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for any such admission to any such exchange. It is emphasised that no application is being made for the admission of the Ordinary Shares to the Official List of the Financial Conduct Authority (“**FCA**”).

This document does not constitute a prospectus within the meaning of section 85 of FSMA, has not been drawn up in accordance with the Prospectus Regulation Rules published by the FCA and a copy of this document has not been, and will not be, filed or reviewed by the FCA or any other competent authority.

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 FCA.

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 whole of the text of this document should be read. The attention of investors is drawn especially to the Risk Factors set out in Part II of this document. All statements regarding the Company’s business, financial position and prospects should be viewed in light of these risk factors.

Victorian Plumbing Group plc

(incorporated and registered in England and Wales under the Companies Act 2006 with registered number 13379554)

Placing of 113,549,619 Ordinary Shares at 262 pence per Ordinary Share

and

Admission to trading on AIM

**NOMINATED ADVISER AND
FINANCIAL ADVISER**

GCA Altium Limited

**JOINT GLOBAL COORDINATOR
AND JOINT BOOKRUNNER**

Barclays Bank PLC

**JOINT GLOBAL COORDINATOR
AND JOINT BOOKRUNNER**

Numis Securities Limited

Ordinary share capital immediately following Admission

<i>Issued and fully paid</i>	<i>Amount</i>	<i>Number</i>
Ordinary Shares of £0.001 pence each	£324,427.48	324,427,481

The directors of the Company, whose names appear on page 11 of this document, and the Company accept responsibility both individually and collectively for the information contained in this document and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Placing is conditional, amongst other things, on Admission taking place on or before 22 June 2021 (or such later date as the Company, GCA Altium Limited (“**GCA Altium**”) and the Joint Global Coordinators (as defined below) may agree, but in any event not later than 29 June 2021). The Placing Shares will, on Admission, rank pari passu in all respects with the Existing Ordinary Shares including the right to receive all dividends or other distributions declared, made or paid after Admission.

GCA Altium is authorised and regulated in the United Kingdom by the FCA. GCA Altium is acting exclusively as the Company's nominated adviser for the purposes of the AIM Rules and for no one else in connection with Admission and will not be responsible to any person other than the Company for providing the protections afforded to its clients or for providing advice in relation to the contents of this document or Admission or any other matter referred to herein. GCA Altium's responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any director or shareholder of the Company or to any subsequent purchaser of Ordinary Shares and accordingly no duty of care is accepted in relation to them.

Barclays Bank PLC ("**Barclays**"), is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA. Numis Securities Limited ("**Numis**" and, together with Barclays the "**Joint Global Coordinators**") is authorised and regulated in the United Kingdom by the FCA. Each of the Joint Global Coordinators is acting exclusively for the Company and no one else in connection with the Placing or any other matter referred to in this document. Neither of the Joint Global Coordinators will regard any other person (whether or not a recipient of this document) as a client in relation to the Placing or any other matter referred to in this document, and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for the giving of advice in relation to the contents of this document, the Placing, or any transaction, matter, or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on GCA Altium or the Joint Global Coordinators by the FSMA or the regulatory regime established thereunder or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of GCA Altium or the Joint Global Coordinators nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares, the Placing or Admission. Each of GCA Altium and the Joint Global Coordinators and each of their respective affiliates accordingly disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this document or any such statement. No representation or warranty, express or implied, is made by GCA Altium, either of the Joint Global Coordinators or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document, and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future.

The Ordinary Shares have not been and will not be registered under the US Securities Act of 1933 (the "**US Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, resold, pledged, delivered, distributed or transferred, directly or indirectly, in, into or 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. The Ordinary Shares are being offered and sold (i) outside the United States in reliance on Regulation S under the US Securities Act ("**Regulation S**") and (ii) in the United States only to persons reasonably believed to be "qualified institutional buyers" ("**QIBs**") as defined in Rule 144A under the US Securities Act ("**Rule 144A**") in reliance on Rule 144A or another exemption from the registration requirements of the US Securities Act. Prospective investors are hereby notified that the sellers of the Ordinary Shares may be relying upon the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A.

A copy of this document is available, subject to certain restrictions relating to persons resident in certain overseas jurisdictions, at the Company's website www.victorianplumbingplc.com.

IMPORTANT INFORMATION

General

Prospective investors should only rely on the information contained in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, GCA Altium or the Joint Global Coordinators. No representation or warranty, express or implied, is made by GCA Altium or the Joint Global Coordinators as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by GCA Altium or the Joint Global Coordinators as to the past, present or future. Without prejudice to any legal or regulatory obligation on the Company to publish a supplementary admission document pursuant to the AIM Rules, neither the delivery of this document nor any subscription or sale made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group taken as a whole since the date of this document or that the information in it is correct as of any time after the date of this document.

The Company will update the information provided in this document by means of a supplement to it if a significant new factor, material mistake or inaccuracy arises or is noted relating to the information included in this document. Any supplementary admission document will be made public in accordance with the AIM Rules.

The contents of this document are not to be construed as legal, financial or tax advice. Each prospective investor should consult a legal adviser, an independent financial adviser duly authorised under FSMA or a tax adviser for legal, financial or tax advice in relation to any investment in or holding of Ordinary Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold Ordinary Shares under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

Investing in and holding the Ordinary Shares involves financial risk. Prior to investing in the Ordinary Shares, investors should carefully consider all of the information contained in this document, paying particular attention to the Risk Factors in Part II of this document. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information contained in this document and their personal circumstances.

In connection with the Placing, the Joint Global Coordinators and any of their respective affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Ordinary 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, the Joint Global Coordinators and any of their respective affiliates acting as investors for their own accounts. In addition, the Joint Global Coordinators or their respective affiliates may enter into financing arrangements (including swaps, warrants or contracts for difference) with investors in connection with which such Joint Global Coordinators (or their respective affiliates) may from time to time acquire, hold or dispose of Ordinary Shares. The Joint Global Coordinators 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.

The Joint Global Coordinators and their respective affiliates may have in the past engaged, and may in the future, from time to time, engage in transactions with, and provided various investment banking, financial advisory and other ancillary activities in the ordinary course of their business with the Company, the Selling Shareholders and their respective affiliates, in respect of which they have received, and may in the future receive, customary fees and commissions. As a result of these transactions, these parties may have interest that may not be aligned, or could possibly conflict, with the interests of investors.

In the ordinary course of their various business activities, the Joint Global Coordinators and their respective affiliates may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) in the Company, the Selling Shareholders and their respective affiliates for their own account and for the

accounts of their customers and may at any time hold long and short positions in such securities and instruments.

Notice to overseas persons

This document does not constitute an offer of, or the solicitation of an offer to buy or subscribe for, Ordinary Shares to any person to whom, or in any jurisdiction in which, such offer or solicitation is unlawful and is not for distribution in or into the United States, Australia, Canada, the Republic of South Africa, Japan, New Zealand or any other jurisdiction where to do so would be in breach of any law and/or regulations (the “**Prohibited Territories**”).

Prospective purchasers are hereby notified that sellers of the Ordinary Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided by Rule 144A, or another exemption from, or in a transaction not subject to, the registration requirement of the US Securities Act. For a description of these and certain further restrictions on offers, sales and transfers of the Ordinary Shares and the distribution of this document, see “*Terms and Conditions of the Placing—Selling Restrictions*”.

The distribution of this document and the Placing in certain jurisdictions may be restricted by law. No action has been taken or will be taken by the Company, the Directors, GCA Altium or the Joint Global Coordinators to permit a public offer of Ordinary Shares or to permit the possession or distribution of this document in any jurisdiction where action for that purpose may be required. This document may not be distributed in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes are required by the Company, the Directors, GCA Altium and the Joint Global Coordinators to inform themselves about and to observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of the relevant jurisdiction.

THE ORDINARY SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER US REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING US AUTHORITIES PASSED UP ON OR ENDORSED THE MERITS OF THE OFFERING OF ORDINARY SHARES OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

This document does not constitute, or purport to include the information of a disclosure document under Chapter 6D of the Australian Corporations Act 2001 (Cth) (the “Corporations Act”) or a product disclosure statement under Chapter 7 of the Corporations Act and will not be lodged with the Australian Securities and Investments Commission. No offer of shares is or will be made in Australia pursuant to this document, except to a person who is (i) either a “sophisticated investor” within the meaning of section 708(8) of the Corporations Act or a “professional investor” within the meaning of section 9 and section 708(11) of the Corporations Act; and (ii) a “wholesale client” for the purposes of section 761G(7) of the Corporations Act (and related regulations) who has complied with all relevant requirements in this respect, or another person who may be issued shares without requiring a disclosure document. If any shares are issued, they may not be offered for sale (or transferred, assigned or otherwise alienated) to investors in Australia for at least 12 months after their issue, except in circumstances where disclosure to investors is not required under Part 6D.2 of the Corporations Act.

In Canada, the Placing will only be made by way of private placement to persons: (a) in the province of Ontario, Quebec, Alberta or British Columbia: (b) who are an “accredited investor” within the meaning of Section 1.1 of National Instrument 45-106 – Prospectus Exemptions (“NI 45-106”) of the Canadian Securities Administrators or subsection 73.3(1) of the Securities Act (Ontario), as applicable, and either purchasing the Ordinary Shares as principal for its own account, or is deemed to be purchasing the Ordinary Shares as principal for its own account in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (c) not created or used solely to purchase or hold the Ordinary Shares as an accredited investor under NI 45-106; (d) who are a “permitted client” within the meaning of National Instrument 31-303 – Registration Requirements, Exemptions and Ongoing Registration Obligations of the Canadian Securities Administrators; and (e) entitled under applicable Canadian securities laws to purchase the Ordinary Shares without the benefit of a prospectus under such securities laws. Any offer and sale of the Ordinary Shares in Canada will be made on a private placement basis only and will be exempt from the requirement that the Company prepares and files a prospectus under applicable Canadian securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Admission Document (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the Joint Global Coordinators are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Placing.

Neither the Company, GCA Altium or the Joint Global Coordinators have authorised, nor do they authorise, the making of any offer of Ordinary Shares in circumstances in which an obligation arises for the Company, GCA Altium or the Joint Global Coordinators to publish a prospectus or a supplemental prospectus for such offer.

Forward-looking statements

This document contains statements that are, or may be deemed to be, "**forward-looking statements**". These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Directors' current beliefs and expectations about future events. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms "**anticipates**", "**believes**", "**could**", "**envisages**", "**estimates**", "**expects**", "**intends**", "**may**", "**plans**", "**projects**", "**should**", "**will**" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs and current expectations of the Company or the Directors concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth and strategies of the Company and the industry in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The actual results, performance or achievements of the Company or developments in the industry in which the Group operates may differ materially from the future results, performance or achievements or industry developments expressed or implied by the forward-looking statements contained in this document. In particular, the statements under the headings "*Current Trading and Prospects*", "*Risk Factors*", "*Information on Victorian Plumbing*" and "*Operating and Financial Review*" regarding the Company's strategy, targets and expectations in respect of the impact of and government measures taken in connection with the Covid-19 pandemic, the Group's expected revenue, customer purchasing behaviour, profit, growth and corporation tax rates and the impact of competition upon the operating results of the Group as well as other expressions of the Group's targets and expectations and other future events or prospects are forward-looking statements. Prospective investors are strongly recommended to read the risk factors set out in Part II of this document for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Group operates.

These forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Important factors that could cause the Group's actual results to so vary include, but are not limited to:

- Victorian Plumbing faces significant competition for its products, and its success depends on its ability to compete effectively; and
- Victorian Plumbing's business depends on the strength of its brand and the ability for the Group's brands, website and product offering to receive positive market recognition, consumer awareness, wide acceptance, and appreciation of the Group's brands;
- the extent to which the Group's customer acquisition costs increase or its investment in marketing activities fails to attract and retain new customers; and

- the growth in revenue attributed to Covid-19 experienced by the Group in the second half of the financial year ended 30 September 2020 and for the six months ended 31 March 2021 may not be indicative of future performance.

The forward-looking statements contained in this document speak only as at the date of this document. The Company undertakes no obligation to update or revise publicly the forward-looking statements contained in this document to reflect any change in expectations or to reflect events or circumstances occurring or arising after the date of this document, except as required in order to comply with its legal and regulatory obligations (including under the AIM Rules).

Market and financial information

The data, statistics and information and other statements in this document regarding the markets in which the Group operates, or the Group's position therein, are based on the Group's records or are taken or derived from statistical data and information derived from the sources described in this document. This document refers to, and reproduces information from, the following reports by Mintel, the research and advisory company entitled:

- the UK Bathroom and Bathroom Accessories Market Report dated August 2020; and
- the UK Bathroom and Bathroom Accessories, Update, dated April 2021.

In relation to these sources, such information has been accurately reproduced from the published information and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

In addition, in many cases the Company has made statements in this document regarding its industry and its position in the industry based on industry forecasts, market research and internal surveys as well as its own experience.

The Group does not intend, and does not assume any obligation, to update industry or market data set forth in this document. Because market behaviour, preferences and trends are subject to change, prospective investors should be aware that market and industry information in this document and estimates based on any data therein may not be reliable indicators of future market performance or the Group's future results of operations.

Presentation of financial information

The report on financial information included in Part VI of this document has been prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and the related consent to its inclusion in this document appearing in Part VIII of this document has been included as required by the AIM Rules and solely for that purpose.

Unless otherwise indicated, the historical financial information included in Part VI of this document, including the Group's audited combined and consolidated historical financial information for the three years ended 30 September 2020 and the audited consolidated historical financial information for the six months ended 31 March 2021 and the notes to those financial statements, has been prepared in accordance with IFRS and is presented in sterling.

Unless stated otherwise, all trading information included in this document not extracted from the Group's historical financial information is derived from the unaudited management accounts or internal financial reporting systems supporting the preparation of the Group's historical financial information for the relevant periods. These management accounts and internal financial reporting systems are prepared in accordance with the principles of UK GAAP, and subsequently converted to IFRS, using information derived from accounting records used in the preparation of the Group's historical financial information, but may also include certain other management assumptions and analyses.

Non-IFRS Measures

This document contains certain financial measures that are not defined or recognised under IFRS, including Adjusted EBITDA, Adjusted EBITDA margin, Gross profit margin and Operating cash conversion (collectively, the “**Non-IFRS Measures**”).

The Company has presented these Non-IFRS Measures because it considers them an important way to evaluate growth trends, assess operational performance and efficiencies, understand how the Board manages the Group’s business and evaluates the performance of the Group, as well as providing a supplemental measure of the Group’s underlying performance. For definitions and a reconciliation of the Non-IFRS Measures to the IFRS measures included in the Historical Financial Information, see “*Selected Financial Information—Non-IFRS Financial and Operating Data*”.

The Non-IFRS Measures alone do not provide a sufficient basis to compare the Group’s performance with that of other companies and should not be considered in isolation or as a substitute for profit before taxation or any other measure as an indicator of operating performance or as an alternative to cash generated from operating activities as a measure of liquidity. In addition, these measures should not be used instead of, or considered as an alternative to, the Group’s historical financial results. Non-IFRS Measures reported by the Group may not be comparable to similarly titled measures reported by other companies as those companies may define and calculate such measures differently from the Group.

The Group’s presentation of the Non-IFRS Measures should not be construed as an implication that its future results will be unaffected by non-recurring items. In identifying and quantifying non-recurring items, the Group consistently applies a policy that defines criteria that are required to be met for an item to be classified as adjusting. These items are separately disclosed in the notes of Section B of “*Historical Financial Information*” as appropriate. The Company provides this information as it believes that these items are useful to users of the Historical Financial Information in helping them to understand the underlying business performance and are used to derive the Group’s principal Non-IFRS Measures.

Rounding

Certain data in this document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent.

Currency presentation

In the document, references to “**sterling**”, “**£**”, “**pence**” and “**p**” are to the lawful currency of the United Kingdom, references to “**€**” and “**euros**” are to the lawful currency of certain of the countries within the EU and references to “**\$**” are references to the lawful currency of the United States.

Unless otherwise indicated, the financial information contained in this document has been expressed in sterling. The Group presents its financial statements in sterling.

No incorporation of website information

The contents of the Company’s website or any hyperlinks accessible from the Company’s website do not form part of this document and investors should not rely on them.

Defined terms and references

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 and Terms**”.

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.

Information to distributors

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the UK 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 retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in paragraph 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook; and (ii) eligible for distribution through all permitted distribution channels (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, “distributors” (for the purposes of the UK Product Governance Requirements) 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 Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Global Coordinators 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 Chapters 9A or 10A respectively or the FCA Handbook Conduct of Business Sourcebook; 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.

Available Information for Investors in the United States

The Company has agreed that, for so long as any Ordinary Shares remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934 (the “**US Exchange Act**”), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, provide to any holder or beneficial owner of these restricted securities or prospective investor designated by such holder or beneficial owner, in each case upon the request of such holder, beneficial owner or prospective investor, the information required to be provided by Rule 144A(d)(4) under the US Securities Act.

TABLE OF CONTENTS

	<i>Page</i>
IMPORTANT INFORMATION	3
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	10
PLACING STATISTICS	10
DIRECTORS, SECRETARY AND ADVISERS	11
DEFINITIONS AND TERMS	13
PART I INFORMATION ON VICTORIAN PLUMBING	17
PART II RISK FACTORS	39
PART III SELECTED FINANCIAL INFORMATION	55
PART IV OPERATING AND FINANCIAL REVIEW	60
PART V TAXATION	79
PART VI HISTORICAL FINANCIAL INFORMATION	86
PART VII TERMS AND CONDITIONS OF THE PLACING	134
PART VIII ADDITIONAL INFORMATION	147

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>EVENT</i>	<i>DATE</i>
Publication of this document	17 June 2021
Admission and commencement of dealings on AIM	8.00 a.m. on 22 June 2021
Delivery of Ordinary Shares in CREST accounts (where applicable)	22 June 2021
Dispatch of definitive share certificates (where applicable)	Within 10 Business Days of Admission

Notes:

- (1) Each of the times and dates set out above and mentioned elsewhere in this document may be subject to change at the absolute discretion of the Company, GCA Altium and the Joint Global Coordinators without further notice. References in this document to time are to London time unless otherwise stated.

PLACING STATISTICS

Placing Price	262 pence
Number of Existing Ordinary Shares	320,000,000
Number of Placing Shares	113,549,619
Number of New Ordinary Shares to be issued by the Company	4,427,481
Aggregate number of Existing Ordinary Shares to be sold by the Selling Shareholders	109,122,138
Aggregate gross proceeds of the Placing receivable by the Company	£11,600,000
Estimated net proceeds of the Placing receivable by the Company	£1,800,000
Gross proceeds of the Placing receivable by the Selling Shareholders	£285,900,002
Aggregate number of Ordinary Shares in issue at Admission	324,427,481
Percentage of Enlarged Ordinary Share Capital being placed pursuant to the Placing	35 per cent
Percentage of the Enlarged Ordinary Share Capital represented by the New Ordinary Shares	1 per cent
Market capitalisation of the Company at the Placing Price at Admission	£850,000,000
ISIN number	GB00BNVVD43
SEDOL number	BNVVD4
AIM "ticker"	VIC
LEI	894500R59IIO54WXGZ04

DIRECTORS, SECRETARY AND ADVISERS

Directors	Philip Bowcock <i>Chair</i> Mark Radcliffe <i>Chief Executive Officer</i> Paul Meehan <i>Chief Financial Officer</i> Damian Sanders <i>Senior Independent Non-Executive Director</i> Kathryn Smith <i>Independent Non-Executive Director</i>
Company Secretary	Almond + Company Limited Peter House Oxford Street Manchester M1 5AN
Registered Office	22 Grimrod Place Skelmersdale WN8 9UU
Company website	www.victorianplumbingplc.com
Nominated Adviser and Financial Adviser	GCA Altium Limited 1 Southampton Street London WC2R 0LR
Joint Global Coordinators and Joint Bookrunners	Barclays Bank PLC 5 The North Colonnade Canary Wharf London E14 4BB Numis Securities Limited 10 Paternoster Square London EC4M 7LT
Legal advisers to the Company	Jones Day 21 Tudor Street London EC4Y 0DJ
Legal advisers to the Nominated Adviser, Financial Adviser and the Joint Global Coordinators	Simmons & Simmons LLP Citypoint 1 Ropemaker Street London EC2Y 9SS
Auditors and Reporting Accountants	Ernst & Young LLP 1 More London Place London SE1 2AF

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

**Public Relations adviser to
the Company**

FTI Consulting LLP
200 Aldersgate
Aldersgate Street
London
EC1A 4HD

DEFINITIONS AND TERMS

“Act”	the Companies Act 2006, as amended from time to time;
“Active Customers”	the number of unique customers who made a purchase in the relevant 12 month period;
“Admission”	admission of the Existing Ordinary Shares and the New Ordinary Shares to trading on AIM becoming effective in accordance with rule 6 of the AIM Rules;
“Adjusted EBITDA”	for the definition of Adjusted EBITDA and its reconciliation from operating profit for each of the periods presented, see <i>“Selected Financial Information – Non-IFRS Financial and Operating Data”</i> ;
“Adjusted EBITDA margin”	the ratio of Adjusted EBITDA to Revenue, expressed as a percentage;
“Admission Document”	this document;
“AIM”	the AIM market operated by the London Stock Exchange;
“AIM Rules”	the rules of AIM as issued by the London Stock Exchange;
“Articles of Association”	the articles of association of the Company that will be in force on Admission, a summary of certain provisions of which is set out in paragraph 9 of Part VIII of this document;
“Average order value”	revenue divided by the number of dispatched orders in the period;
“B2C”	business-to-consumer;
“Banks”	GCA Altium and the Joint Global Coordinators;
“Barclays”	Barclays Bank PLC;
“Board” or “Directors”	the directors of the Company whose names appear on page 11 of this document;
“CAGR”	compound annual growth rate;
“certificated” or “in certificated form”	a share or other security which is not in un-certificated form (i.e. not in CREST);
“City Code”	the City Code on Takeovers and Mergers;
“Company”	Victorian Plumbing Group plc;
“Covid-19”	a novel strain of coronavirus causing Covid-19 disease;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations), which facilitates the transfer of title to shares without a written instrument;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended);
“Deferred Shares”	the deferred shares of £0.001 pence each created as a result of the Reorganisation;

“Employee Share Plans”	the employee share plans set out in paragraph 8 of Part VIII of this document;
“Enlarged Ordinary Share Capital”	the Existing Ordinary Shares and the New Ordinary Shares;
“Existing Ordinary Shares”	the 320,000,000 Ordinary Shares in issue prior to the Placing (assuming completion of the Reorganisation, the exercise of the option referred to in paragraph 5.2 of Part VIII of this document and completion of the Restricted Share Awards);
“EU”	the European Union;
“Euroclear”	Euroclear UK & Ireland Limited (registered number 02878738) whose registered office address is at 33 Cannon Street, EC4M 5SB;
“FCA”	the Financial Conduct Authority;
“FSMA”	the Financial Services and Markets Act 2000;
“FTE”	full time employees;
“FY18”	the 52 week period ended 30 September 2018;
“FY19”	the 52 week period ended 30 September 2019;
“FY20”	the 52 week period ended 30 September 2020;
“FY21”	the 52 week period ending 30 September 2021;
“FY22”	the 52 week period ending 30 September 2022;
“FY23”	the 52 week period ending 30 September 2023;
“GCA Altium”	GCA Altium Limited;
“Gross profit margin”	the ratio of gross profit to revenue, expressed as a percentage;
“Group” or “Victorian Plumbing”	the Company and its wholly owned subsidiaries (and a reference to a “Group Company” shall be interpreted accordingly);
“IFRS”	the UK-adopted International Accounting Standards in accordance with section 474(1) of the Act;
“ISIN”	International Securities Identification Number;
“HMRC”	Her Majesty’s Revenue & Customs;
“Joint Global Coordinators”	Barclays and Numis;
“LEI”	legal entity identifier;
“LTIP”	The Victorian Plumbing Long Term Incentive Plan, details of which are set out in paragraph 8.2 of Part VIII of this document;
“Locked-in Shareholders”	each of the Shareholders prior to Admission;
“Lock-in Agreements”	the lock-in agreements entered into by each Locked-in Shareholder on 17 June 2021 and described in paragraph 15 of Part I of this document;
“London Stock Exchange”	London Stock Exchange plc;

“MAR”	the EU Market Abuse Regulation (No 596/2014) and the delegated acts, implementing acts and technical standards thereunder (as such legislation part of retained EU law as defined in the EU (Withdrawal) Act 2018);
“Mintel”	Mintel Group Limited, the research and advisory company, and its reports entitled (i) The UK Bathroom and Bathroom Accessories Market Report dated August 2020 and (ii) The UK Bathroom and Bathroom Accessories, Update, dated April 2021;
“New Ordinary Shares”	the 4,427,481 new Ordinary Shares to be issued at the Placing Price by the Company pursuant to the Placing;
“Non-IFRS Measures”	see <i>“Presentation of Financial and Other Information—Non-IFRS Measures”</i> ;
“Numis”	Numis Securities Limited;
“Ordinary Shares”	ordinary shares of £0.001 pence each in the capital of the Company;
“Placee”	a person subscribing for or acquiring Placing Shares under the Placing;
“Placing”	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 17 June 2021 relating to the Placing between (1) the Company (for itself and on behalf of the Selling Shareholders pursuant to the Deeds of Election), (2) the Directors (3) GCA Altium and (4) the Joint Global Coordinators, relating to the Placing, further details of which are set out in paragraph 11.3 of Part VIII of this document;
“Placing Shares”	together the New Ordinary Shares and the Sale Shares;
“Placing Price”	262 pence per Placing Share;
“Prohibited Territories”	the United States of America, Australia, Canada, Japan, New Zealand, the Republic of South Africa and their respective territories and possessions;
“QIBs”	“qualified institutional buyers” as defined in Rule 144A under the Securities Act;
“Registrar”	Equiniti Limited;
“Reorganisation”	the pre-Admission reorganisation of the Group, relevant details of which are set out in paragraph 3 of Part VIII of this document;
“Restricted Share Awards”	the issue of new Ordinary Shares to Philip Bowcock and James Casey, further details of which are set out in paragraphs 5.3 and 5.7 respectively of Part VIII of this document;
“RIS”	Regulatory Information Service;
“Sale Shares”	the 109,122,138 Existing Ordinary Shares being sold on behalf of the Selling Shareholders, in each case, at the Placing Price, pursuant to the Placing;

“SAYE Scheme”	The Victorian Plumbing Savings Related Share Option Scheme, details of which are set out in paragraph 8.5 of Part VIII of this document;
“SEDOL”	Stock Exchange Daily Official List;
“Selling Shareholders”	the individuals selling Sale Shares, whose names are set out in paragraph 13 of Part I of this document and whose business address is the registered office of the Company;
“SIP”	The Victorian Plumbing Share Incentive Plan, details of which are set out in paragraph 8.4 of Part VIII of this document;
“Shareholders”	the holders of Ordinary Shares from time to time;
“Takeover Panel”	the Panel on Takeovers and Mergers;
“UK GAAP”	United Kingdom Generally Accepted Accounting Practice;
“UK Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council, as amended from time to time;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction;
“US Exchange Act”	the US Securities Exchange Act of 1934, as amended;
“US Securities Act”	the US Securities Act of 1933 as amended;
“£” or “Pounds Sterling” or “pence”	UK pounds sterling, the lawful currency of the United Kingdom;
“\$” or “US Dollars” or “cents”	US dollar, the lawful currency of the United States of America; and
“€” or “Euros” or “cents”	Euro, the lawful currency of certain of the countries comprising the EU.

Notes:

- (1) Any reference to any provision of any legislation includes any amendment, modification, re-enactment or extension of it. Words importing the singular include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender.

PART I

INFORMATION ON VICTORIAN PLUMBING

1. Introduction

Victorian Plumbing is a digitally native retailer of bathroom products and accessories, offering a wide range of over 24,000 products to B2C and trade customers. The Group has grown rapidly in recent years and is now the UK's leading online specialist bathroom brand by revenue in 2020 (*source: Mintel*) and the second largest retailer of bathroom products in the UK with an estimated 14.2 per cent of the bathroom market by revenue in 2020. Its website provides a high quality and user-friendly experience for both B2C and trade customers, offering a one-stop shop solution for the entire bathroom with more than 125 brands across a wide spectrum of price points.

The Directors believe that the Group's product offering is the largest available on the market. Its portfolio of over 20 own brands is complemented by high quality and established third party brands. It has an established track record of identifying, designing and launching product lines that resonate with its customers and drive incremental revenue growth alongside the Group's existing product portfolio. An experienced in-house product development, design and sourcing team ensures the sourcing of new product lines is streamlined, with the average product line taking approximately six months from design to final product. The Group's often long-standing relationships with its suppliers enables it to control stock levels in anticipation of increasing consumer demand and maintain delivery times. Sales of Victorian Plumbing's own brand portfolio, comprising over 20 brands, generated approximately 75 per cent of revenue at a significantly higher Gross profit margin than third party brands (49 per cent vs. 30 per cent, respectively) in the financial year ended 30 September 2020.

The Group's product design and supply chain strengths are complemented by its creative and brand-focused marketing strategy. Its marketing activities are undertaken by a dedicated in-house team, which predominantly focus on online channels to drive significant and growing traffic to its website (with an average of more than 2.3 million unique visitors per month based on the 12 months ended 31 March 2021). The Group collects customer browsing data from the website and related search terms to adjust its pay-per-click marketing strategy on an ongoing basis. Digital marketing is further complemented through offline campaigns, such as celebrity-focused television adverts or targeted email marketing campaigns.

Victorian Plumbing's operating model is supported by a bespoke, scalable ecommerce platform and warehouse management system linking orders, stock, purchasing and delivery across the Group. This is supported by an experienced internal IT team responsible for continuous development and improvement of this customised software, which drives insights across marketing, product and customer service functions.

Headquartered in Skelmersdale, Lancashire, the Group has grown significantly in recent years and has demonstrated a track record of strong and profitable growth. It has three offices, one retail showroom and four warehouse sites with 534 FTEs at 30 April 2021. The Group's multi-site warehousing operations provide more than 500,000 sq. ft. of storage capacity and enable it to operate on a flexible, 24/7 basis to maximise operational efficiencies. In the three-year financial period to 30 September 2020, the Group grew its revenue from £117.4 million to £208.7 million, a CAGR of 33 per cent and its Adjusted EBITDA from £4.0 million to £26.2 million, a CAGR of 156 per cent. The Group has demonstrated further growth during the six month period ending 31 March 2021, delivering revenue of £140.7 million and EBITDA of £20.1 million, representing growth of 47 per cent and 128 per cent, respectively, compared to the six month period ending 31 March 2020.

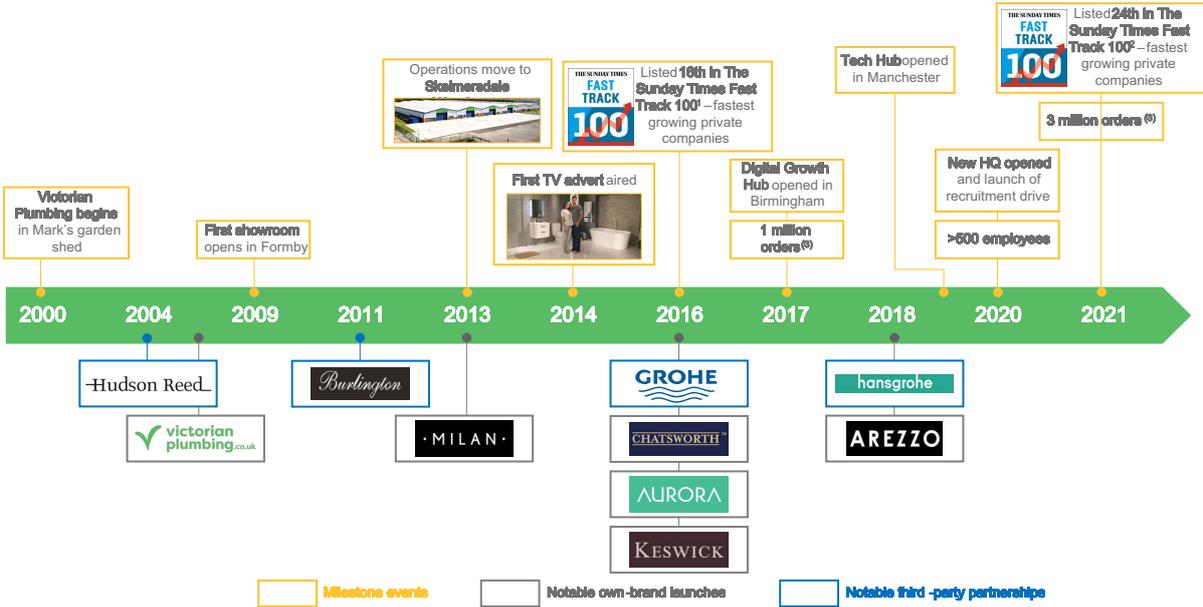
2. History and Background

The Group was founded in 2000 by Mark Radcliffe, who already had significant ecommerce experience and who identified an opportunity to disrupt the traditional bricks and mortar bathroom products market. In the mid-2000s, Victorian Plumbing launched its eponymous product range as the first in what has become an own brand portfolio of over 20 brands, which now includes Chatsworth (launched in 2016) and Arezzo (launched in 2018), amongst others.

In 2004, the Group moved to its first head office in Formby, Merseyside, and in 2009 opened its only showroom to the public, located adjacent to the head office, which enabled it to showcase its products to customers, build trust with suppliers by putting their ranges on show and drive increased brand awareness. The Group's first warehouse, a 110,000 sq. ft. site in Skelmersdale, Lancashire, opened in 2013, allowing the Group to significantly increase stock levels and give it greater control of its supply chain and distribution, as well as providing additional space to grow.

With significant investment in its creative and brand-focused marketing strategy, including its first television advert in 2014, the Group and its Victorian Plumbing brand then grew rapidly. As a result, the Group was nominated in The Sunday Times Fast Track 100 (listed 16th based on revenue growth) of the fastest growing private companies in 2016 and passed one million unique customers in 2017.

In 2020 the Group opened its new headquarters in Skelmersdale and in 2021 it reached three million unique orders (based on cumulative orders dispatched). The Group was also included in 2021 The Sunday Times Profit Track 100 (listed 24th based on profit growth).



Source: Company information

3. Key Strengths

Leading online brand in a large market with clear competitive advantages capitalising on a structural shift to online

The Group operates in the bathroom and bathroom accessories market in the UK, which Mintel estimates was valued at £1.4 billion (incl. VAT) in 2020. This is a large and growing market which is expected to benefit further from a number of tailwinds including a structural shift in consumer behaviour to online channels, continued innovation and technological advancements in bathroom products and accessories, younger generations taking up DIY projects and a shift toward home renovations.

The structural shift from offline to online benefits online specialists in particular, who represent 29 per cent of the market by revenue in 2020 compared to 16 per cent in 2015. The strength of its online proposition has made Victorian Plumbing the clear leader within the online specialists. The Group's market share increased from 3.3 per cent of the market by revenue in 2015 to 14.2 per cent of the market by revenue in 2020. It has developed a highly recognisable brand with a reputation for product and service quality, enhanced through its creative, brand-focused marketing strategy, and underpinned by its bespoke data-driven ecosystem, which informs product, marketing and customer service strategies to support its large and growing customer base.

A one-stop shop with a significant product range to satisfy a customer's bathroom needs

With its offering of over 24,000 products from over 125 brands, the Group offers its customers a one-stop solution for a wide variety of bathroom products at most price points. Customers can complete their entire basket of bathroom purchases through the Group's extensive selection of products from own and third party brands across a range of product categories. Within each product category, the Group caters to a wide range of customer price points, unlike most competitors who generally only target one specific segment of the market. As an example, in the high-rise basin taps category, the Group offers a larger product range than any close competitor, with 113 SKUs and 21 brands compared with 27 SKUs and 12 brands offered by its nearest competitor. The Group has a wider range of price points for such high-rise basin taps, with 39 per cent of products below £155, 44 per cent between £155 and £275 and 17 per cent above £275, as compared to competitors who typically target low-to-middle or middle-to-high price points. Finally, the Group's breadth of product range reduces the probability of any stock-outs as popular products can be easily substituted for similar ones. This breadth of range and high quality of its products also means the Group does not need to compete primarily on price but can focus on further building and enhancing the Victorian Plumbing brand.

Established track record of product innovation with an agile supply chain underpinned by long-standing relationships

Led by Neil Radcliffe, the Product Director, the Group's in-house team designs new products exclusive to Victorian Plumbing and delivers these to market through a tried-and-tested process with a proven track record of taking an initial concept to final product in approximately six months. Underpinned by its data-driven operating model, the Group is able to identify market and consumer trends early with the aim to be the first to market. The Group's new product development process and online-only model enables it to test smaller lines of product in the market before scaling up quickly to meet particular customer demand. As an example, Arezzo, one of the Group's own brands, was created by the in-house design and product team to satisfy what the Group considered was customer demand for cost effective, minimalist, 'designer-looking' black brassware and accessories. The Group initially launched the range in 2018 with just 29 product lines but as demand for these products was strong the Group was able to scale to 649 product lines by 31 December 2020, generating revenue for the Group of £15.6 million in the calendar year 2020.

Revenue from new SKUs, driven by new own brands and product lines such as Arezzo, introduced in each of the calendar years of 2020, 2019 and 2018 was approximately £43.9 million, £36.3 million and £16.7 million, respectively. This resulted from the release of over 6,000 new SKUs introduced in each of the calendar years of 2019 and 2020 and over 5,000 new SKUs in the calendar year of 2018. The combination of new products development, rapid go-to-market capability, partnerships with third party brands and sourcing strength drive the Group's product differentiation strategy.

The Group has developed long-standing relationships with its global supplier base over many years and has recently opened a representative office in China to provide additional support to its suppliers in Asia. The Directors believe the team in China will assist in streamlining the Group's sourcing process and improve its direct relationships with suppliers, its ability to audit factories and allow a disintermediation of traders. The Group's reliable and agile supply chain provides the product team with the necessary transparency and flexibility to reduce the probability of stock shortages, possible delays with delivery and improve quality controls to enable it to make informed decisions on production volumes and stockholding, taking into account supply and demand at the time.

Well-invested leading brand driven by an innovative and successful marketing strategy

The Victorian Plumbing brand is well established and continues to grow. In the three years from February 2018 to February 2021, the Group's brand awareness (based on YouGov brand awareness results) grew from 50 per cent to 64 per cent. The Directors believe this is a result of the significant growth in the business and the success of its digital marketing strategy complemented by bold, differentiated and quirky offline marketing content. The Group's historical marketing spend has consistently been at least 25 per cent of annual revenues, in order to drive and maintain its leading position within the UK bathroom products and accessories market and typically outspending its competitors according to Mintel. An experienced and creative in-house marketing team, led by Chief Marketing Officer, Joe Pascoe, actively deploys marketing strategies across digital and offline marketing channels with a particular focus on search engine optimisation and pay-per-click.

The Group has increased its marketing spend via digital channels in recent years, growing as a share of total marketing spend from 75 per cent in the year ended 30 September 2015 to 95 per cent in the year to 30 September 2020. The Directors believe that the combination of this digital marketing focus, continued investment in other channels to enhance brand awareness, and strong product development strategies gives the Group a competitive advantage and reduces pricing pressure.

In addition, marketing has become more efficient in recent years with customer acquisition costs having decreased from £74 per customer in FY18 to £67 per customer in FY20 and conversion of unique visitors to customers has increased from 3.3 per cent in FY18 to 3.4 per cent in FY20. This relatively small increase in conversion is nonetheless notable given the number of unique visitors to the Group's website has grown at a CAGR of 27 per cent between FY18 and FY20, from 14 million to 23 million per annum and revenue from repeat customers has grown to 37 per cent of revenue in FY20 (from 31 per cent of revenue in FY18).

Seamless customer journey and experience

Victorian Plumbing's convenient and intuitive website provides a seamless, fully digital journey from homepage to payment and beyond. The website is optimised across multiple devices and tracks each customer's behaviour to intelligently provide visitors with complementary products to maximise conversion. Strong brand awareness resulting from Victorian Plumbing's successful marketing strategy drives high traffic to the website. Once on the website, visitors use intelligent on-site search functions and are prompted with personalised product suggestions. Visitors are also presented with pages that are optimised based on their search and browsing history to map the most relevant products to that visitor or customer. Product pages are equipped with realistic CGI imagery, 360 degree product views, detailed descriptions, dimensions, delivery options, returns information and a range of purchasing methods including flexible payment plans via a third party provider. Assistance is also provided within the product pages to allow customers to ask questions as they browse, making use of the AI-powered chat bot or, where necessary, live chat with a member of the customer services team. Once a product is selected, complementary products are prompted as well as the option for free delivery to promote larger order baskets and provide cross-sell and up-sell opportunities.

Product pages are supplemented by online content such as inspiration blogs, installation tips, technical guidance, styling tutorials, how-to videos, 3D rendering and lifestyle imagery. The Group provides its customers with a range of support services across the entire customer journey via its in-house team of 110 UK-based customer service agents, its use of an AI-powered chat bot and its automated ticketing service, Zendesk, which ensured customer service agents were able to solve over 95 per cent of all emails in the financial year ended 30 September 2020, using a full trackable service. The Group's chat bot typically answers 65 per cent of customer queries before a customer is switched to live chat with an in-house customer services agent, live chat answered 92 per cent of customer queries in FY20. Victorian Plumbing focuses on customer service excellence, with a 4.3 rating on TrustPilot (as at 7 June 2021) and its internal customer satisfaction rates, which are tracked daily by customer service managers, have trended at 80 per cent or more from March 2019 to March 2021 (with the exception of the April to December 2020 period following the outbreak of the Covid-19 pandemic). The Directors believe the Group's brand awareness, its broad range of high quality products and superior customer experience allow it to remain flexible on pricing as customers are more likely to be willing to pay a premium.

Proprietary technology platform and data-driven ecosystem

The Group's bespoke, scalable ecommerce platform comprises built-for-purpose inventory, enterprise resource planning and customer relationship management systems to provide real-time data to various teams and functions within the business. It is developed and maintained by an in-house team of 26 IT professionals, based in Manchester, and procures data-led insights to inform product, marketing and customer service strategies. Customer search, browsing and order behaviour feeds directly into the marketing team to help update and refine its digital strategy. This data is also valuable for the Group's product team to influence product design and sourcing strategies. One of Victorian Plumbing's most popular own brand ranges, Arezzo, is a successful example of such insights informing product design as the Group was able to capitalise on evidence of a consistent and growing demand for black brassware and taps, influencing the design of these new product lines.

The Group's customised technology system is used across all Group sites to link data on orders and within the supply chain to give warehouse, inventory and customer services teams critical transparency and up to

date information to continue to provide strong customer support and services. The proprietary technology platform utilises modern architecture enabling incremental, modular improvements to be delivered quickly and minimises delivery risk of future platform enhancements. A clearly defined technology roadmap incorporates this modular ecommerce architecture that is designed to scale and enable efficient, high quality customisation as required.

Entrepreneurial and experienced leadership team

The Group has a dynamic leadership team led by the Group’s founder, Mark Radcliffe. Mark, together with his brother, Neil Radcliffe, the Product Director, and other long-standing members of the Victorian Plumbing leadership team have worked together to grow the business into the leading online operator in the sector. The Chair, Philip Bowcock, and the CFO, Paul Meehan, have significant UK listed company experience with Philip Bowcock having been CFO of William Hill plc between 2015 and 2016 and then its CEO for the following three years and Paul Meehan most recently spending three years as the CFO of On The Beach Group plc. The senior management team has significant and in-depth knowledge of the Group and its market and are dedicated to growing the business.

Unique combination of scale, strong revenue growth, high margins and robust cash generation

The Directors believe that Victorian Plumbing offers a powerful and unique combination of a leading market position with a track record of strong, consistent revenue growth, high profitability and robust cash generation.

The Group has demonstrated an ability to scale at a rapid rate, achieving revenue of £208.7 million, gross profit of £92.0 million and Adjusted EBITDA of £26.2 million in the financial year ending 30 September 2020. It has significantly outperformed other bathroom products providers, increasing its share of the market by 10.9 percentage points between 2015 and 2020 (*source: Mintel*), more than four times the growth of any of its competitors. The Group has continued this growth trajectory in the current financial year, with revenue, gross profit and Adjusted EBITDA for the six months ended 31 March 2021 reaching £140.7 million, £69.0 million and £20.1 million, respectively.

	For the year ended 30 September			For the six months ended 31 March	
	2018	2019	2020	2020	2021
Revenue (£m) ⁽¹⁾	117.4	151.4	208.7	96.0	140.7
Gross profit ⁽¹⁾	46.7	61.8	92.0	40.8	69.0
Gross profit margin (%)	40%	41%	44%	43%	49%
Adjusted EBITDA ⁽²⁾	4.0	11.5	26.2	8.8	20.1
Adjusted EBITDA margin (%)	3%	8%	13%	9%	14%
Operating cash conversion (%) ⁽³⁾	93%	68%	105%	90%	85%

(1) The figures provided above are audited with the exception of the six months ended 31 March 2020.

(2) For the definition of Adjusted EBITDA and its reconciliation from operating profit for each of the periods presented, see “Selected Financial Information – Non-IFRS Financial and Operating Data”.

(3) For the definition of Operating cash conversion and its reconciliation from Adjusted EBITDA for each of the periods presented, see “Selected Financial Information – Non-IFRS Financial and Operating Data”.

4. Strategy

The Directors have developed a growth plan that comprises the following short and medium term pillars, with a key focus being to continue to drive organic growth.

Near term

Continue to grow its position in the UK B2C bathrooms market

Victorian Plumbing’s core focus is to retain and grow its position in serving B2C customers in the UK bathroom and accessories market. The Directors believe it is well placed to continue to gain market share from traditional physical retailers and other online competitors by leveraging its market and brand position as well as benefitting from structural tailwinds driving growth within the wider market and potential competitive weaknesses. Victorian Plumbing’s growth strategy to continue to grow its position within the UK bathrooms market comprises four pillars:

- **New product development and innovation:** bringing exclusive, in-demand products to market rapidly and cement Victorian Plumbing's growing reputation as a leader in product innovation. It will continue to identify new and up-and-coming trends to capitalise on Victorian Plumbing's breadth of brands within the portfolio and leverage its agile supply chain based on long-standing supplier relationships and its on-the-ground presence in China to satisfy gaps in the market with high quality products at competitive price points.
- **Continued marketing investments and improvements:** Victorian Plumbing will continue to focus on and refine its marketing strategy, concentrating on digital channels complemented by targeted, bold and creative offline campaigns and sponsorships that resonate with different demographics within Victorian Plumbing's wider customer base. It also intends to drive further growth from maintaining customer conversion rates through enhancements to the customer journey. These are likely to include material but modular updates to the website and better and more frequent use of innovative technologies to educate and inspire customers, such as the use of 3D imagery and modelling. Victorian Plumbing also intends to introduce distinct marketing strategies around retention and re-targeting that specifically focus on existing customers. Historically, Victorian Plumbing's marketing focus has been primarily on attracting new customers to the website. The Directors believe the opportunity to drive growth from within its existing customer base is considerable and is a logical next step in leveraging the strength of the brand.
- **Continued supply chain and customer experience improvements:** Victorian Plumbing intends to continue to strengthen its agile supply chain to drive efficiencies within warehousing and delivery functions. The Directors believe that Victorian Plumbing's supply chain will also benefit from the team based in China as this is expected to improve communication with suppliers and factories, quality controls, freight forwarding functions and increased accuracy in product design and information. Victorian Plumbing intends to also continue to invest in its customer services teams to drive efficiencies in product education, product identification, purchasing, delivery and aftersales services to ensure customer satisfaction levels remain strong.
- **Further benefits from the current domestic repairs, maintenance and improvement cycle and the opportunity to further strengthen market share:** The Directors believe that the Group will continue to gain share from its competitors as it leverages its scale and leading position within online specialists and benefit from the competitive advantage it has established through its continuous investment in new product development and marketing. The Directors also believe the Group is likely to benefit from a number of structural tailwinds that are expected to drive further growth in the UK bathrooms market, as well as in the larger UK domestic repairs, maintenance and improvement market. This is discussed in further detail in section 3 of Part IV "*Operating and Financial Review*".

Increase revenue from Victorian Plumbing's trade customers through a trade dedicated team and more trade focused marketing

The Group's trade customers represent a significant growth opportunity. In the financial year ended 30 September 2020, revenue from the Group's trade customers, which are predominantly sole traders or small sized plumbing businesses, represented approximately only 14 per cent of total revenue (up marginally from 13 per cent in the years ended 30 September 2019 and 2018, respectively). The Group's strategy has concentrated on the B2C market historically and the Directors believe that a proactive approach to the trade segment will generate significant revenues as trade customers typically exhibit higher repeat rates, average order value, revenue per customer and number of products per order compared to B2C customers.

Victorian Plumbing intends to enhance its existing offering to trade customers with focused marketing campaigns, further rolling out of the trade-only portal, the development of a trade-specific app and a coherent approach to trade discounts, led by a trade dedicated sales team. Victorian Plumbing expects this will require very limited investment but represents an exciting opportunity to drive growth in average order value and repeat rates.

Increase revenue through greater expansion into existing adjacent bathroom product lines

Victorian Plumbing has expanded into adjacent bathroom product lines such as tiles and flooring and lighting, albeit these particular categories have not been a focus for Victorian Plumbing to date as revenue in FY20 from tiles and flooring was only £3.9 million (a CAGR of 27 per cent from FY18) and from lighting was only £0.9 million (a CAGR of 27 per cent from FY18). The Directors believe there is an opportunity to capture greater share of the customer wallet across these categories while driving additional traffic to the website

by increasing the range of relevant products and commonly searched terms. Victorian Plumbing has the knowledge and expertise to design products in existing adjacent bathroom product lines that specifically complement its existing brands and product ranges, as well as the marketing experience to grab attention and increase both brand and product awareness within these existing adjacent categories.

Medium term

Expand into new adjacent bathroom product categories

The Directors believe there is an opportunity over the medium term to expand into new adjacent product categories and increase the breadth of the existing customer proposition, which could include kitchen plumbing and products for other living spaces within the home. The Group would consider moving into new adjacent categories organically, looking to develop new products internally and build out any necessary infrastructure, or through opportunistic acquisitions. While acquisitions do not form part of the Group’s core strategy, the Directors might consider acquiring new or complementary operations or infrastructure as and when the opportunities present themselves in the medium to long term.

Expand into certain markets within Europe

The Group intends to explore opportunities for potential expansion into European geographies such as France, Ireland, Germany and Spain. These countries are seen as having similar dynamics to the UK in terms of growing online penetration. As such, the Directors believe these markets may present an attractive expansion opportunity for the Group in the medium to long term.

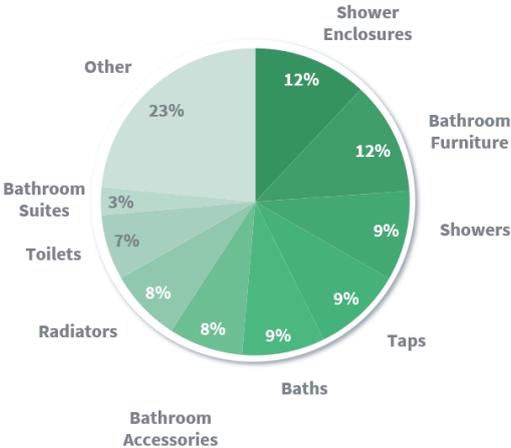
Any new market will need to meet a number of criteria so as to leverage Victorian Plumbing’s expertise and experience most effectively. The Directors intend to take a measured approach to international expansion, undertaking extensive market research and mapping ahead of any overseas launch.

5. Business Overview

Products and Product Strategy

Victorian Plumbing offers a one-stop shop solution for a wide assortment of bathroom products, including showers, toilets, baths, taps, radiators and bathroom accessories, across most price ranges to B2C and trade customers. It stocks over 24,000 products across the core bathroom categories, from more than 125 brands. By way of a few examples, within the bathroom furniture category, visitors to Victorian Plumbing’s website are presented with approximately 3,200 SKUs from 51 brands as at April 2021. When shopping for shower enclosures, visitors to the website are presented with approximately 2,600 SKUs from 39 brands. For customers shopping for a new shower or bath, visitors to the website are presented with approximately 2,500 SKUs from 42 brands and approximately 1,350 SKUs from 49 brands, respectively.

FY20 Revenue⁽¹⁾ by product category



Note: (1) Revenue by product category in this pie chart is on a dispatched basis

The Group’s offering is underpinned by a mix of over 100 high quality and well known third party brands (including Grohe, Roca and Hansgrohe) and its own brand portfolio, currently comprising over 20 brands that are sold exclusively on the Group’s website. The Group’s own brand portfolio (including Arezzo, Chatsworth, and the Victorian Plumbing range) contributed approximately 75 per cent of total revenue for

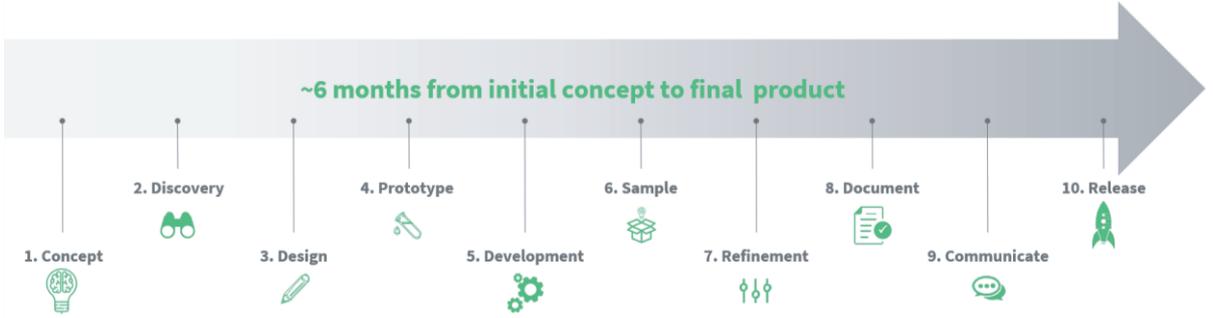
the financial year ended 30 September 2020, at a Gross profit margin of 49 per cent (compared to 30 per cent across third party brands) for the same period.

While Gross profit margins are stronger for own brand relative to third party brands, partnerships with third party brands remain an important part of the customer proposition. Visitors to the website will often be attracted by particular brands or branded products but complete their basket with purchases of own brand products. Visitors to the website in search of third party brands will also be presented with own brand substitutes or complementary products to increase the portion of own brand within a customer’s order. This generates valuable traffic to the website as well as revenue for both the third party brand and the Group. As an example, the Group generated revenue from Grohe products of £10 million in the calendar year 2020 from £3 million for the calendar year 2018, a CAGR of 83 per cent. The Group works closely with Grohe on shared marketing strategies, such as preferential product launches and giveaways, exclusive promotional prices and soft bundles with accessories that contributed to an uplift in sales for Grohe through the Group’s website.

Victorian Plumbing has a history of successfully launching new brands quickly, having established a product development process where the product team is able to deliver final products within approximately six months of initial concept. When developing a new brand or product line, Victorian Plumbing utilises data and insight derived from customer search, browsing and ordering behaviour to identify new trends or consumer demand.

Victorian Plumbing will then leverage its agile supply chain, underpinned by long-standing supplier relationships, to bring new product lines or new brands to market to satisfy this demand, such as with introduction and continued development of Victorian Plumbing’s own brand, Arezzo.

New product development process



The new product development process is managed by the Group’s in-house product team of 11 FTEs, led by Product Director, Neil Radcliffe, and is also responsible for sourcing new products globally. This process involves the generation of a concept on the basis of detailed analysis of the market to identify demand, considering the existing competing product landscape, followed by design and initial prototype production. The product is released after further development, sampling and refinement, alongside appropriate tailored marketing. After launch, the Group continuously reviews and tracks customer feedback and behaviour to expand the range and capitalise on potential adjacencies.

The vast majority of products are sourced from the UK (over 40 per cent in FY20) or China (over 45 per cent in FY20), with the Group’s top ten suppliers accounting for approximately two thirds of all purchases. The Group has cultivated long-standing relationships with these key suppliers, with an average length of six years across this core supplier group, and is continuously seeking ways to deliver further efficiencies within sourcing via improved communication with suppliers, enhanced quality control and reduced lead times.

Successful own brand development – the Arezzo case study

The importance to Victorian Plumbing’s own brand design, development and scaling capabilities are illustrated by the success of the Arezzo product range. In 2018, the Group identified what it believed was an increase in consumer demand for a range of black finished taps, shower heads and other bathroom accessories. Within approximately seven months, it had designed and launched the Arezzo range with 29 different product lines. During the calendar year 2019, the Arezzo product range expanded to 198 product lines and generated revenue of approximately £3.5 million. Victorian Plumbing continued to expand the Arezzo range in 2020 and by the end of 2020 there were 649 separate Arezzo product lines and the range generated calendar year 2020 revenues of approximately £15.6 million, representing a revenue CAGR since the brand’s launch in

2018 of 881 per cent. While Victorian Plumbing typically targets product margins of approximately 60 per cent on own brand products, it was able to achieve product margins of approximately 70 per cent for the Arezzo brand.

Marketing

Victorian Plumbing's marketing strategy is centred on increasing awareness of Victorian Plumbing's brand and leveraging the depth of its product range to reinforce its position as a household name for bathrooms in the UK. Victorian Plumbing has developed a reputation for bold, creative and quirky marketing, reflected in its successful range of advertising campaigns involving humorous settings and often fronted by popular celebrities (most recently Laurence Llewellyn-Bowen). It also focuses on paid and organic search strategies and effective on-site marketing to convert website visitors. Customer browsing and search behaviour is closely monitored to inform ongoing strategy regarding search term bidding on a flexible basis. Victorian Plumbing's customer base is profitable from the first order, with average order value outweighing per customer acquisition costs.

The in-house marketing team has 11 members and is led by Joe Pascoe, the Group's Chief Marketing Officer. The team sets budgets with the aim of driving increasing volumes of traffic to the Group's website to support top-line growth and continued brand building. The budgeting process also allows for increased flexibility to respond to any competitor activity or other business challenges. With ad media and periodic buys for offline channels, such as television, this is typically dependent on previous performance and the team agree the shape and spend with management in advance while also staying flexible to respond to opportunities that might present themselves, such as last minute inbound requests for television show sponsorships.

Victorian Plumbing's historically multi-channel marketing strategy has evolved to a position whereby 95 per cent of marketing spend in the financial year ended 30 September 2020 was directed towards online channels (compared to 75 per cent in the financial year ended 30 September 2015). The remainder is almost entirely television-focused, where Victorian Plumbing's creative/celebrity focus (rather than product-centric) approach and selected television show sponsorships has resonated with its targeted audience of 25 to 55 year olds.

The Group's target audience is comprised of affluent, independent households. Based on information from Mosaic for calendar year 2020, Victorian Plumbing has a broad demographic appeal, although it does over index with the 'City Prosperity' group, which are typically customers employed in high status positions with substantial disposable income and appreciate the Group's breadth of product categories, range and price points. Alongside this group, Victorian Plumbing also resonates well with 'Domestic Success' and 'Prestige Positions' groups which are comprised of consumers which typically lead busier lives and therefore value the role online retailers play in their lives.

The Group's continued investment in building brand awareness and dedicated focus to its digital marketing strategy has resulted in improved marketing key performance indicators, notably customer acquisition costs that have decreased from £74 per customer in FY18 to £67 per customer in FY20 and conversion of unique visitors to customers has increased from 3.3 per cent in FY18 to 3.4 per cent in FY20. This relatively small increase in conversion is nonetheless notable given the number of unique visitors to Victorian Plumbing's website has grown at a CAGR of 27 per cent between FY18 and FY20 from 14 million to 23 million per annum and revenue from repeat customers grew to 37 per cent of revenue in FY20 (from 31 per cent of revenue in FY18).

In-house technology

Victorian Plumbing's multi-site operation is supported by its bespoke, scalable ecommerce platform, developed in-house by its technology team. This links inventory, warehouse and orders to manage every aspect of Victorian Plumbing's operational activity, built specifically for Victorian Plumbing's processes. The system is managed by Leighan Mason, Victorian Plumbing's Chief Technology Officer, and his team of 26 IT professionals. The platform is capable of hosting over 13,000 users per hour during peak periods and processed an average of 76,000 orders per month in the twelve month period to 31 March 2021. This team is responsible for continuous improvements of the platform which can be done on a modular basis, with discrete changes and upgrades delivered quickly while minimising delivery risk of these enhancements.

Victorian Plumbing's data-driven business model provides the analysis of customer browsing and ordering behaviour to support its marketing, product and customer service strategies and enables a greater understanding of the customer. Data regarding individual customer browsing behaviour is provided to the marketing team, informing Victorian Plumbing's go-to-market strategy and improving the customer experience through more intelligent matching of products with specific search terms.

Customer service

A team of 110 customer service agents, based in Skelmersdale, is responsible for managing all direct customer interaction prior to and post purchase. The team is allocated between Administration, Returns, Claims and Resolutions functions and is contactable by phone, email or live chat. Victorian Plumbing's technology platform facilitates wrap-around support across the entire customer journey and customers can also access an interactive Help Centre which enables order tracking in real-time.

Frequently asked customer questions (including website navigation, company policies and common procedures) are answered by an AI-driven chat bot, allowing service agents to focus on more complex orders and queries. The Group's internal customer satisfaction rates have trended at 80 per cent or more from March 2019 to March 2021, with the exception of the April to December 2020 period following the outbreak of the Covid-19 pandemic. As at 7 June 2021, Victorian Plumbing has a TrustPilot rating of 4.3 out of a maximum of 5.

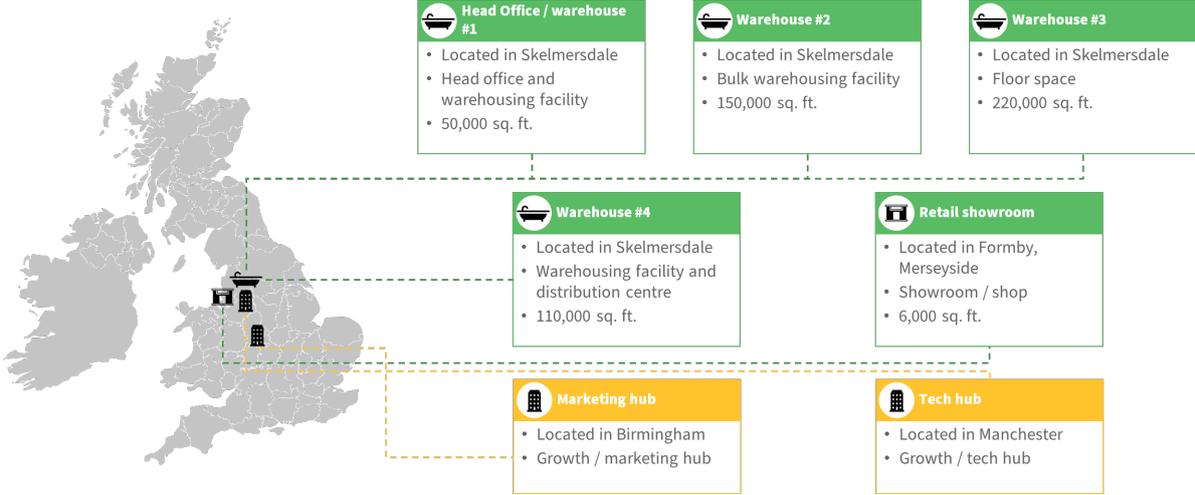
Victorian Plumbing does not process any credit card payments or store any customer credit card information, with all payments processed by a third party provider. Victorian Plumbing is engaged with an external party that deploys a 24/7 security operations centre which provides management with up-to-date information on the status of the network and any potential security incidents.

Infrastructure and operations

Victorian Plumbing operates from seven locations across the UK:

- Its headquarters in Skelmersdale: housing the Group's customer services, finance, marketing, product and administration functions (over 140 FTEs at 30 April 2021). It also includes a 50,000 sq. ft. warehouse facility suited for smaller products and accessories.
- The Formby site: which comprises a base for customer service and an adjacent 6,000 sq. ft. retail showroom to authenticate the brand, satisfy particular requirements for a small number of suppliers and also to allow customers to view a selection of products in person (physical sales represent less than 1 per cent of total revenue).
- Three additional warehouses: all stock is stored and managed across three warehouses in Skelmersdale, covering more than 500,000 sq. ft. of total storage capacity (when the warehouse facility at the Group's headquarters is included). The Group employs over 350 operational staff across these locations, working in shift patterns allowing two warehouses to remain active on a 24/7 basis (soon to be three) with the capacity to fulfil more than 4,000 orders per day during peak periods. All deliveries are managed by third party couriers, with customers able to choose from a range of delivery options.
- Two marketing and technology hubs, based in Birmingham and Manchester, respectively. Victorian Plumbing's presence in these locations provides access to technology and marketing talent nationally and has been an important factor in continuing to attract high-calibre staff in these critical functions.

Warehouse and office locations



Corporate values and culture

Victorian Plumbing has developed a values-led culture at every level and function of its business activities, alongside a mission statement that reflects its customer-centric approach. Victorian Plumbing’s core values are “Celebrate Success; Respect; Responsibility; Innovation; Development; and Staying Humble”. Its mission statement is “We aim to deliver affordable bathrooms to every door through investing in a broad product range, advanced logistics and the growth of our valued team”.

The commitment to these values is underpinned by its approach to people management, with a primary focus on personal development and relationship management. Victorian Plumbing provides training opportunities to all staff, delivered via in house learning tools and external training, with a general ‘Helpdesk’ service available for help with any business-related queries. Operationally, Victorian Plumbing has focused on creating effective channels of communication between staff at all levels of the business to foster a collaborative culture, reinforced by more informal engagement strategies and Group-wide events and a focus on instilling the core values listed above.

In terms of ESG issues more broadly, Victorian Plumbing is continuing to develop an ESG strategy that is centred on three core themes:

- *Our people and culture:* Victorian Plumbing focuses on ensuring it creates a highly collaborative culture where people feel motivated, valued and supported. It supports diversity and inclusion;
- *Our communities and wider environment:* Victorian Plumbing strives to have a positive impact on the communities in which it operates; and
- *Being a responsible business:* Victorian Plumbing focuses on driving quality, transparency and fairness to instil trust between Victorian Plumbing’s stakeholders. It encourages accountability and ensures everyone knows what is expected of them.

Intellectual property

Victorian Plumbing owns trade marks, copyrights, and other intellectual property that are important to its business. Victorian Plumbing has registered several key trade marks through word marks and logos of the word to protect its own brands in the UK. Victorian Plumbing’s intellectual property portfolio also includes its domain names for the website that it uses in its business (www.victorianplumbing.co.uk).

In addition, Victorian Plumbing has copyrights, proprietary trade secrets (such as customer lists), technology, know-how processes and other intellectual property rights that are not registered. Victorian Plumbing’s business and IT systems, including several aspects of its platforms, and other key proprietary intellectual property generally, are not protected by patents or registered design rights. Victorian Plumbing relies on a combination of trade marks law, copyright law, trade secrets, non-disclosure and confidentiality agreements and provisions in agreements and other measures to establish and protect its proprietary rights to its platforms, products, processes and intellectual property.

Victorian Plumbing carefully monitors the use of its intellectual property, particularly its key brand terms, and follows a policy of protecting and enforcing its rights with respect to its intellectual property.

6. Market Overview

The UK bathroom and bathroom accessories market

The UK bathroom and bathroom accessories market was estimated by Mintel to be worth £1.4 billion (including VAT) in 2020, having grown at a relatively steady rate from 2015 when it was estimated to be worth approximately £1.2 billion. According to Mintel the market has grown at a CAGR of approximately 2 per cent to approximately 4 per cent since 2016, with the market’s largest segment, showers and baths, at approximately £500 million growing at a CAGR of approximately 2 per cent from 2016 to 2020. Bathroom furniture and shower screens, trays and enclosures were the market’s fastest growing categories at approximately 4 per cent CAGR across the same period. Mintel estimates the market to reach approximately £1.6 billion by 2025. The sector is driven by what the Directors believe are a number of structural tailwinds, including:

- Continued growth from the step change to online;
- Innovation and technological advancements enhancing products and the online shopping experience;
- Greater propensity for homeowners to renovate existing areas of the home rather than move to a new home;
- Recovering consumer confidence;
- Government incentives e.g. stamp duty holidays, help to buy, interest rate support; and
- The emergence of the home as a ‘hub and nest’.

The Directors believe there is an on-going structural shift in the UK market whereby consumers (including those aged 55 years and older) are increasingly turning to online channels to purchase bathroom products. This was evident even during 2020 where restrictions began to ease in some parts of the UK where consumers could return to retail stores once again and online sale growth remained positive against the same period in 2019. The Group has led, and continues to lead, the market shift towards the online channel. In 2015, online specialists contributed 16 per cent (Victorian Plumbing: 3.3 per cent) of the overall UK bathroom market by revenue, which was less than half of the market share held by the leading category (DIY specialists). Between 2015 and 2020, the market share of online specialists has almost doubled to reach 29 per cent (Victorian Plumbing: 14.2 per cent) and they are closing the gap to DIY retailers who have remained stable at just over 35 per cent over this period.

Market share of bathrooms by retail category by revenue (2015-2020)

	2015	2019	2020
DIY retailers	36%	31%	36%
Store-based specialists	16%	17%	9%
Independent specialists	18%	15%	16%
Builders’ merchants	13%	8%	8%
Online specialists	16%	27%	29%
*Victorian Plumbing	3.3%	11.3%	14.2%
Other	1%	2%	2%

* Victorian Plumbing market share is included within the online specialist category

Source: Mintel

Between 2015 and 2020, the Group became the UK’s leading online retailer of bathroom products and accessories, and the second largest retailer of bathroom products in the UK overall, by revenue in 2020 as per Mintel. Over that period, its market share has more than quadrupled to reach 14.2 per cent for 2020, more than twice the market share of its nearest online specialist competitor. The Group’s market share growth represents over 80 per cent of the growth by revenue in the online specialist bathroom market during that period and was nearly five times greater than the next fastest growing online specialist.

7. Summary Financial Information

Since the date of its incorporation, the Company has not yet commenced operations and, save for the effects of entering the Reorganisation Agreements, has no material assets or liabilities, and therefore no historical financial information in respect of the Company have been prepared as at the date of this Admission Document.

The table below, which has been extracted from the historical financial information set out in Part VI of this document, sets out a summary of the financial results of Victorian Plumbing for the three financial years ended 30 September 2018, 30 September 2019 and 30 September 2020 and the audited interim period for the six months ended 31 March 2021. Prospective investors should read the full historical financial information in Part VI of this document and not solely rely upon the summary below.

	For the year ended 30 September			For the six months ended 31 March	
	2018	2019	2020	2020	2021
	£m (audited)	£m (audited)	£m (audited)	£m (unaudited)	£m (audited)
Revenue	117.4	151.4	208.7	96.0	140.7
Cost of sales	(70.7)	(89.6)	(116.7)	(55.2)	(71.7)
Gross profit	46.7	61.8	92.0	40.8	69.0
Administrative expenses	(44.2)	(52.1)	(68.2)	(33.1)	(54.4)
Other operating income	–	0.1	0.2	–	–
Operating profit	2.5	9.8	24.0	7.7	14.6
Finance costs	(0.2)	(0.2)	(0.3)	(0.1)	(0.1)
Profit before tax	2.3	9.6	23.7	7.6	14.5

Adjusted EBITDA has been calculated as set out below:

	For the year ended 30 September			For the six months ended 31 March	
	2018	2019	2020	2020	2021
	£m (audited)	£m (audited)	£m (audited)	£m (unaudited)	£m (audited)
Operating profit	2.5	9.8	24.0	7.7	14.6
Depreciation on property, plant and equipment	0.3	0.4	0.3	0.2	0.2
Depreciation on right of use assets	0.5	0.4	0.6	0.3	0.4
Amortisation	0.7	0.9	1.3	0.6	0.8
Exceptional items	–	–	–	–	0.6
Share-based payments (including associated NI)	–	–	–	–	3.5
Adjusted EBITDA	4.0	11.5	26.2	8.8	20.1

8. Current Trading and Prospects

Historical financial information on the audited interim period for the six month period ended 31 March 2021 is set out in Part VI of this document.

Victorian Plumbing continues to grow versus the prior year. The Directors anticipate revenue growth in the second half of the financial year to be between 20 per cent to 25 per cent, which is lower than the first half, reflecting some short term uncertainty in consumer demand as Covid-19 restrictions ease. In FY22 and over the medium term, the Directors anticipate revenue growth will be marginally below 20 per cent each

year. This revenue growth results from structural tail winds and the implementation of the Group's strategy to expand its market share and increase the contribution from trade customers.

The Directors expect Gross profit margin in the second half of the financial year ending 30 September 2021 to be in line with the second half of the financial year ended 30 September 2020. The Directors anticipate that the Gross profit margin expected to be achieved in the second half of FY21 will be maintained in FY22 and for at least the medium term driven by cost efficiencies through scale and deeper relationships, but partially offset by inflationary pressures on product costs.

The Company may undertake a warehousing project to provide increased capacity in FY22, This would increase capital expenditure by approximately £1.0 million relative to FY21 levels. With the exception of this potential project, the Directors expect capital expenditure in FY22 to remain broadly consistent with FY21 and remain at this level in FY23 and beyond.

The Directors expect no material changes to the working capital cycle. While the value of the Group's net working capital is expected to grow with any continuing growth in orders, it is anticipated that the effect of any necessary increases in stock will be offset by an increase in trade creditors, contract liability and other payables (including accruals, other tax and social security and returns accruals). Accordingly, the Directors expect only minimal swings in working capital from year to year. To provide additional cover for any unexpected intra-month working capital movements, the Group entered into a £10 million revolving credit facility with HSBC on 7 June 2021.

On 5 May 2021, VIPSO Ltd declared and paid an interim dividend of, in aggregate, £12.0 million to the holders of ordinary shares of £1.00 each in the capital of VIPSO Ltd. Certain shareholders waived their entitlement to receive a proportion of such dividend with such amounts being reallocated to other shareholders. On 11 May 2021, Victorian Plumbing Ltd received a £5.4 million payment in full settlement of a loan provided to Radcliffe Property Management Limited by Victorian Plumbing Ltd.

9. Dividend Policy

While the Directors intend to reinvest a significant portion of the Group's earnings to facilitate plans for further growth, it is the Board's intention, should the Group continue to generate a sustained level of distributable profits, to pursue a progressive dividend policy and a target dividend payout ratio, being the annual total dividend per share divided by the basic earnings per share, of up to 20 per cent.

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. While the Board considers dividends as the primary method of distributing profit to shareholders, it may, at its discretion, consider share re-purchases, when advantageous to Shareholders and where permissible. The Company may revise its dividend policy from time to time.

10. Directors and Senior Management

Directors

On Admission, the Board will consist of two Executive Directors and three Non-Executive Directors (including the Chair). Each of the Non-Executive Directors is considered to be independent.

The following table lists the names, ages, positions and dates of appointment as a director for each Director:

<i>Name</i>	<i>Age</i>	<i>Position</i>	<i>Date Appointed</i>
Philip Bowcock	53	Chair	16 June 2021
Mark Radcliffe	42	Chief Executive Officer	6 May 2021
Paul Meehan	57	Chief Financial Officer	6 May 2021
Damian Sanders	56	Senior Independent Non-Executive Director	16 June 2021
Kath Smith	64	Independent Non-Executive Director	16 June 2021

Brief biographies of the Directors and the senior managers of Victorian Plumbing are set out below.

Directors

Philip Bowcock (aged 53) – Chair

Philip Bowcock was appointed as a director and Chair on 16 June 2021. Philip has extensive listed company experience, having been chief financial officer of William Hill plc from November 2015 until June 2016 and then being promoted to serve as its chief executive officer until September 2019. Prior to joining William Hill plc, Mr. Bowcock was chief financial officer of cinema chain Cineworld Group PLC from 2011 until June 2015. Mr. Bowcock also served as interim chief executive officer of Countrywide Limited between November 2020 and March 2021. He has also had a number of other finance related roles, including finance director at Luminar PLC and financial controller and head of corporate development at Barratt Developments plc.

Mark Radcliffe (aged 42) – Chief Executive Officer

Mark founded Victorian Plumbing in 2000 and has led the business ever since. Prior to that time, Mark had established a number of successful ecommerce businesses, including Coral Phones.

Paul Meehan (aged 57) – Chief Financial Officer

Paul joined Victorian Plumbing in December 2020. Paul was previously chief financial officer of On the Beach Group plc from January 2017 until July 2020 and prior to that was finance director at Gala Coral Group between April 2012 and December 2016. Paul has held a number of other finance director roles in other businesses in the UK and is a chartered certified accountant.

Damian Sanders (aged 56) – Senior Independent Non-Executive Director

Damian Sanders was appointed as the senior independent non-executive Director on 16 June 2021. Mr Sanders is an FCA qualified member of the Institute of Chartered Accountants in England & Wales, bringing extensive financial and commercial experience to the Board, including over 20 years of experience as a senior equity audit partner at Deloitte, acting as advisor and corporate governance specialist for a number of FTSE Boards. Mr Sanders is also a non-executive director of Cineworld Group Plc and THG Holdings plc.

Kath Smith (aged 64) – Independent Non-Executive Director

Kath was appointed as an independent non-executive director on 16 June 2021. She is a non-executive director of the sports retailer, JD Sports Fashion Plc. She was previously the GM/Vice President of The North Face EMEA, a VF Corporation company and has over 30 years of experience helping to build world leading brands, including Mars and Diageo. Kath has also served as a co-opted member of the University of Salford's Audit Committee from 2012 to 2014.

Senior Management

Neil Radcliffe (aged 40) – Product Director

Neil was appointed product director of Victorian Plumbing in October 2011. Neil is also a director of Coral Phones Limited and both director and secretary of Radcliffe Property Management Limited. Neil was also a director of Varologic Limited from April 2007 until its dissolution in June 2015, and Metergy Limited from March 2010 until its dissolution in June 2014.

Stephnie Judge (aged 32) – Managing Director

Stephnie joined Victorian Plumbing in 2013 as personal assistant to Mark Radcliffe. In 2016, Stephanie was promoted to the position of General Manager and then in March 2020 as Managing Director.

Joe Pascoe (aged 31) – Chief Marketing Officer

Joe joined Victorian Plumbing in November 2012 as Marketing Manager. In January 2016, Joe left Victorian Plumbing to be a Marketing Manager at Immediate Media Co. until February 2017 where he re-joined Victorian Plumbing as a Senior Marketing Manager. In December 2018, Joe was promoted to Chief Marketing Officer.

Leighan Mason (aged 50) – Chief Technology Officer

Leighan joined Victorian Plumbing in February 2019. Prior to joining Victorian Plumbing, Leighan worked for webuyanycar.com as a Software Architect between October 2015 to February 2019 and prior to that held a range of software architect and engineering positions with Swinton Insurance and 3M.

Rich Monaghan (aged 32) – Director of Finance

Rich joined Victorian Plumbing in March 2021. Prior to joining Victorian Plumbing, Rich worked for Auto Trader Group plc for over six years in a number of finance positions culminating in him being the deputy chief financial officer. Rich trained and qualified as a chartered accountant at PwC.

11. Employees and Locations

Victorian Plumbing’s registered office is at 22 Grimrod Place, Skelmersdale WN8 9UU. Victorian Plumbing has over 500,000 sq. ft. of warehouse space, a retail showroom in Formby, Merseyside, a technology hub in Manchester and a marketing hub in Brindleyplace, Birmingham. As at 30 April 2021, Victorian Plumbing employed 547 people (534 FTE), all of whom were employed in the UK and 33 per cent of these employees were from the EU.

As at 30 April 2021, the Victorian Plumbing employee base is broadly divided into the following key functions:

	<i>Total</i>
Finance	9
Administration	8
Customer Services	108
Development	26
Directors	2
Marketing	11
Purchasing	11
Shop	5
Trade	9
Warehouse	358
Total	547

Victorian Plumbing currently pays all employees, regardless of age, at least the National Living Wage rate of pay for employees aged 25 and over.

12. Regulation

While Victorian Plumbing is not engaged in a highly regulated industry, its operations are subject to regulation from authorities concerning, among other things, export and import quotas and other customs regulations, consumer protection, data protection and privacy, the advertisement, promotion and sale of products, taxation, product liability and safety, the health, safety and working conditions of Victorian Plumbing’s colleagues, environmental matters, anti-bribery and corruption and sourcing and supply chain matters, as well as Victorian Plumbing’s competitive and marketplace conduct.

Victorian Plumbing’s activities involving the use of customer data are subject to data protection and privacy laws, including rules on electronic marketing, online advertising and profiling. The scope of data protection and privacy laws has increased in recent years. For example, the GDPR (after Brexit applied directly in the UK) significantly changed the data protection landscape in the EU and the UK, strengthening the rights of individuals, imposing stricter controls over the processing of personal data, by both controllers and processors of personal data, and imposing stricter sanctions with substantial administrative fines for breach of the requirements. GDPR also offers individuals the option to allow privacy organisations to litigate on their behalf, including collecting potential damages, which may result in an increase in the number of claims brought. The GDPR introduced a mandatory obligation to notify regulators of a personal data breach unless low risk and to notify individuals of any high risk compromise to their data. Reports may result in investigations leading to potentially significant sanctions and companies must maintain notification processes and associated response plans.

The products that Victorian Plumbing sells are subject to UK consumer protection laws, which cover issues such as pricing, product descriptions and promotional activity. Victorian Plumbing must comply with the Consumer Rights Act 2015 which consolidates rules dealing with the fairness and application of contractual terms to consumers and clarifies consumer remedies. It is also subject to the UK distance selling rules for online sales which require the provision of prescribed information during the contracting process and give consumers a right to cancel.

Victorian Plumbing must comply with legislation controlling claims made in advertising, including the Consumer Protection from Unfair Trading Regulations 2008. These prohibit unfair commercial practices during the lifetime of a consumer to trader transaction, including in advertising, and enable consumer claims for civil redress in respect of certain breaches, including rights to refunds. Victorian Plumbing's advertising will need to comply with the self-regulatory rules in the in the UK Code of Non-broadcast Advertising and Direct & Promotional Marketing ("**CAP Code**"), which is the rule book for non-broadcast advertisements, sales promotions and direct marketing communications, and must be complied with by Victorian Plumbing.

The CAP Code is administered by the ASA who investigate and assess complaints received from consumers and make recommendations to ASA Council, which is responsible for deciding if the CAP Code has been breached ("**ASA Council**"). If a ruling is upheld against an advertiser, the ASA can require the amendment or withdrawal of the non-compliant advertisement while persistent breach of the CAP Code could lead to referral to other bodies for the further action, such as Trading Standards or The Office of Communications.

Brexit has affected a number of regulations that govern product safety. Primarily the United Kingdom has adopted the existing EU regulations and directives into UK law although it has replaced the EU conformity mark known as CE with its own version UKCA. All products that currently carry the CE mark will be updated to the UKCA mark in line with the timings defined by the UK government.

Victorian Plumbing is subject to various product safety laws. The General Product Safety Regulations 2005 ("**GPSR**") provide a broad umbrella of regulation to ensure that consumer products, when marketed, are safe. The regulations create a series of obligations on producers and distributors to ensure that this goal is achieved and to reduce the risk to consumers from unsafe products. The GPSR gives wide powers to Trading Standards departments and other authorities to ensure that unsafe products do not remain on the market and, if need be, are recalled. Victorian Plumbing is also subject to the Consumer Protection Act 1987, which complements the GPSR and can be used by consumers to recover losses caused by defective products.

13. Details of the Placing

In relation to the Placing, the Company (for itself and acting as agent for and on behalf of each Selling Shareholder pursuant to the Deeds of Election), the Directors, GCA Altium and the Joint Global Coordinators have entered into the Placing Agreement. Each of the Selling Shareholders have entered into a separate Deed of Election in connection with the Placing.

The Placing comprises the issue of 4,427,481 New Ordinary Shares by the Company at the Placing Price (representing approximately 1 per cent of the Enlarged Ordinary Share Capital and raising gross proceeds of approximately £11.6 million (approximately £1.8 million net of expenses) for the Company) and the sale by the Selling Shareholders of an aggregate of 109,122,138 Sale Shares at the Placing Price (representing approximately 34 per cent of the Enlarged Ordinary Share Capital and raising aggregate gross proceeds of £285.9 million for the Selling Shareholders). The Placing Shares will represent approximately 35 per cent of the Enlarged Ordinary Share Capital following Admission.

Pursuant to the Placing Agreement, the Joint Global Coordinators have conditionally agreed to use their respective reasonable endeavours to procure subscribers for the New Ordinary Shares and purchasers for the Sale Shares, in each case pursuant to the Placing. The Placing has not been underwritten. To the extent that any investor procured by the Joint Global Coordinators fails to subscribe or acquire Placing Shares which they have agreed to subscribe or acquire, the Joint Global Coordinators will themselves subscribe or acquire such Placing Shares at the Placing Price in their agreed proportions.

Details of the Selling Shareholders and the number of Sale Shares being sold pursuant to the Placing are set out below:

<i>Selling Shareholder</i>	<i>Number of Sale Shares</i>
Mark Radcliffe	81,078,153
Neil Radcliffe	16,215,595
Carole Radcliffe	4,589,156
Paul Meehan	1,502,428
Martin Stewart	4,589,156
Stephnie Judge	433,378
Leighan Mason	120,383
Joseph Pascoe	385,225
James Casey	<u>208,664</u>
TOTAL	<u><u>109,122,138</u></u>

The Placing Agreement is conditional, *inter alia*, upon Admission having become effective by not later than 8.00 a.m. on 22 June 2021 or such later time and date as the Company and the Joint Global Coordinators shall agree.

Each of the Joint Global Coordinators have the right under the Placing Agreement to terminate the Placing at any time prior to Admission in certain circumstances. If this right is exercised, the Placing will lapse.

Further details of the Placing Agreement are set out in paragraph 11.3 of Part VIII of this document.

The New Ordinary Shares will be issued, fully paid, and following allotment, will rank in full for all dividends or other distributions declared, made or paid on the Ordinary Share capital of the Company following Admission. The Placing Shares will rank *pari passu* in all other respects with all Existing Ordinary Shares in issue on Admission. The rights attaching to the Ordinary Shares are set out in paragraph 9 of Part VIII of this document.

14. Reasons for Admission and Use of Proceeds

It has been the ambition of Mark Radcliffe and the senior management that the Company become a quoted entity with publicly traded shares. The Directors believe that Admission will position Victorian Plumbing strongly for the next stage of its development, including raising the profile of Victorian Plumbing with customers and suppliers, further strengthening brand recognition and assisting in the attraction, incentivisation and retention of employees through appropriate incentive arrangements. The primary proceeds of the Placing will be used to satisfy the direct costs of the listing process and preserve the capital structure and cash position of Victorian Plumbing.

15. Lock-In Arrangements

Pursuant to the Placing Agreement, the Company has undertaken to GCA Altium and the Joint Global Coordinators (subject to certain limited customary exceptions) not to issue any new Ordinary Shares prior to the date falling 180 days from Admission without the prior written consent of GCA and the Joint Global Coordinators.

Pursuant to the Placing Agreement, each Director has undertaken to GCA Altium and the Joint Global Coordinators (subject to certain limited customary exceptions) not to dispose of any Ordinary Shares prior to the date falling 12 months from Admission without the prior written consent of GCA and the Joint Global Coordinators.

Pursuant to the Lock-in Agreements, each Locked-in Shareholder has undertaken to the Company, GCA Altium and the Joint Global Coordinators (subject to certain limited customary exceptions) not to dispose of the Ordinary Shares held by them following Admission or any other Ordinary Shares which they may acquire as a result of their holding of such shares at any time prior to the date falling 12 months from Admission (the “**Lock-in Period**”) without the prior written consent of GCA Altium and the Joint Global

Coordinators. Each Locked-in Shareholder has also undertaken to the Company, GCA Altium and the Joint Global Coordinators not to dispose of their Ordinary Shares following the expiry of the Lock-in Period otherwise than through either Barclays or Numis (subject to certain limited customary exceptions) for the period of 12 months following the expiry of the Lock-in Period.

16. Employee Share Plans

The Directors recognise that the success of Victorian Plumbing in the future depends to a significant degree on the performance of its management team. The Directors also believe in the importance of ensuring that all employees are well motivated and identify closely with the success of Victorian Plumbing. To that end, the Company has adopted The Victorian Plumbing Long Term Incentive Plan, The Victorian Plumbing Share Incentive Plan and The Victorian Plumbing SAYE Scheme to align the interests of the participants with the Shareholders.

A brief summary of each of these plans is set out below and a summary of the rules of each plan is set out in paragraph 8 in part VIII of this document. There are no further option schemes currently envisaged – if in the future the position changes and additional schemes are deemed necessary, they will be proposed subject to shareholder approval except in circumstances where the exemptions set out in paragraph 9.4.2 of the FCA's Listing Rules apply.

The Victorian Plumbing Long Term Incentive Plan (“LTIP”)

The LTIP is a discretionary share plan which will be administered and operated by the Board or a duly authorised committee thereof. Any employee (including an executive director) of the Company or any of its subsidiaries will be eligible to participate in the LTIP at the discretion of the Board. Awards will be granted to executive directors in line with any applicable remuneration policy. Decisions in relation to the participation in the LTIP by executive directors will be taken by the Remuneration Committee.

The Victorian Plumbing Deferred Bonus Plan (“DBP”)

The DBP is a discretionary share plan which will be administered and operated by the Board or a duly authorised committee thereof. Any employee (including an executive director) of the Company or any of its subsidiaries will be eligible to participate in the DBP at the discretion of the Board. Decisions in relation to the participation in the DBP by executive directors will be taken by the Remuneration Committee. No employee will be able to participate in the DBP in any financial year if they are also participating in the LTIP.

The Victorian Plumbing Savings Related Share Option Scheme (“SAYE Scheme”)

The SAYE Scheme is a savings related share option scheme designed to take advantage of the tax beneficial status of savings related share option schemes which comply with Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 (Schedule 3). The SAYE Scheme will be administered by the Board or a duly authorised committee thereof. UK employees and full-time directors of the Company and participating companies within the Group are eligible to participate in the SAYE Scheme. The Board may, however, determine that a qualifying period of service (of up to five years) is required before an employee or full-time director can participate in the SAYE

The Victorian Plumbing Share Incentive Plan (“SIP”)

The SIP is an all-employee share ownership plan which has been designed to meet the requirements of Schedule 2 of the Income Tax (Earnings and Pensions) Act 2003 so that Ordinary Shares can be provided to UK employees under the SIP in a tax-efficient manner. The SIP will be administered by the Board or a duly authorised committee thereof. UK employees and full-time directors of the Company and participating companies within the Group are eligible to participate in the SIP. The Board may, however, determine that a qualifying period of service (of up to five years) is required before an employee or full-time director can participate in the SIP.

17. Admission to Trading, Settlement and Dealing Arrangements

Application has been made for the admission of the Enlarged Ordinary Share Capital of the Company to trading on AIM. It is expected that Admission will become effective and that dealing in the Ordinary Shares will commence on an unconditional basis at 8:00 a.m. on 22 June 2021.

It is expected that, subject to the satisfaction of the conditions of the Placing, the Placing Shares will be registered in the names of the Placees subscribing for or acquiring them and issued or transferred either:

- (a) in CREST, where the Placee so elects and only if the Placee is a “**system member**” (as defined in the CREST Regulations) in relation to CREST, with delivery (to the designated CREST account) of the Placing Shares subscribed for or purchased expected to take place on 22 June 2021; or
- (b) otherwise, in certificated form, with the relevant share certificate expected to be despatched by post within 10 Business Days of Admission.

Notwithstanding the election by Placees as to the form of delivery of the Placing Shares, no temporary documents of title will be issued. All documents or remittances sent by or to Placees or as they may direct will be sent through the post at their risk.

Pending despatch of definitive share certificates or crediting of CREST stock accounts (as applicable), the Registrar will certify any instrument of transfer against Victorian Plumbing’s register of members.

The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange.

18. CREST

CREST is a paperless settlement procedure which allows securities to be evidenced without a certificate and transferred other than by written instruction. The Articles of Association permit the holding of Ordinary Shares under the CREST system. Application has been made for all of Enlarged Ordinary Share Capital to be eligible for admission to CREST with effect from Admission. Accordingly settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if the individual Shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

19. Corporate Governance

The Board is committed to the highest standards of corporate governance. On Admission the Board will comply, and intends to continue to comply, with the UK Corporate Governance Code as a smaller company (i.e. below FTSE 350), which sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. The Board also intends to take account of institutional shareholder and governance rules and guidance on disclosure and shareholder authorisation and intends to apply a more stringent 2 per cent threshold to the application of the class tests set out in the AIM Rules in respect of related party transactions under AIM Rule 13.

In considering the independence of Mr. Bowcock, the Board has taken into account the terms of his restricted share award, details of which are set out in paragraph 5.3 of Part VIII of this document, particularly the absence of any performance conditions and the circumstances in which the restriction on all or some of the Ordinary Shares to be issued to him on Admission may be removed. The Board has determined that he remains independent for the purposes of the UK Corporate Governance Code.

The Company also intends that each of the Directors will stand for re-election on an annual basis.

The Board has established three principal committees, the Audit Committee, the Remuneration Committee and the Nomination Committee which will take effect following Admission.

Following Admission, the members of each committee will be as follows:

	<i>Chair</i>	<i>Members</i>
Audit Committee	Damian Sanders	Kath Smith and Philip Bowcock
Remuneration Committee	Kath Smith	Damian Sanders and Philip Bowcock
Nomination Committee	Philip Bowcock	Damian Sanders and Kath Smith

The Board

Following Admission, the Board will comprise five Directors, two of whom will be Executive Directors and three of whom (including the Chair) will be Non-Executive Directors reflecting a blend of different experience and backgrounds. The UK Corporate Governance Code recommends that at least half the board of directors of a premium listed company, excluding the chair, should comprise non-executive directors whom the Board considers to be independent. Each of the Non-Executive Directors is considered to be independent.

The Board will meet regularly and will be responsible for strategy, performance, approval of any major capital expenditure and the framework of internal controls. Briefing papers will be distributed to all Directors in advance of Board meetings and all Directors will have access to the advice and services of the Chief Financial Officer and Company Secretary, who will be responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with, in accordance with the UK Corporate Governance Code.

The Board has delegated specific responsibilities to the committees referred to below all of which have written terms of reference and formally delegated duties.

Audit Committee

Victorian Plumbing has established an Audit Committee, which will comprise Damian Sanders as Chair, Kath Smith and Philip Bowcock. It will meet at least three times each year and at any other time when it is appropriate to consider and discuss audit and accounting related issues. The Audit Committee is responsible for determining the application of the financial reporting and internal control principles, including reviewing regularly the effectiveness of Victorian Plumbing's financial reporting, internal control and risk-management procedures and the scope, quality and results of the external audit.

Remuneration Committee

Victorian Plumbing has established a Remuneration Committee, which will comprise Kath Smith as Chair, Damian Sanders and Philip Bowcock, which will review the performance of the Executive Directors and set the scale and structure of their remuneration and the basis of their service agreements with due regards to the interests of Shareholders. In determining the remuneration of Executive Directors, the Remuneration Committee will seek to enable Victorian Plumbing to attract and retain executives of the highest calibre. The Remuneration Committee also makes recommendations to the Board concerning the allocation of awards under the Employee Share Plans and for the administration of the Employee Share Plans. No Director is permitted to participate in discussions or decisions concerning their own remuneration.

Nomination Committee

Victorian Plumbing has established a Nomination Committee, which will comprise Philip Bowcock as Chair, Damian Sanders and Kath Smith and will be responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill Board positions as and when they arise.

20. Share Dealing Code

The Company has adopted, with effect from Admission, a share dealing code for the Directors and all employees, which is appropriate for a company whose shares are admitted to trading on AIM and which is in accordance with Rule 21 of the AIM Rules. The Company will take all reasonable steps to ensure compliance by the Directors and any other applicable employees with the terms of this code.

21. The City Code and Concert Parties

The City Code applies to the Company. Under Rule 9 of the City Code, if any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company, the acquirer and/or (depending on the circumstances) persons acting in concert with it would be required (except with the consent of the Takeover Panel) to make a cash offer for all of the equity share capital of the Company not already owned by the acquirer and persons acting in concert with it.

A similar obligation to make such a mandatory cash offer would also arise if any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent of the voting rights of a company but does not hold shares carrying more than 50 per cent of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested.

Such Rule 9 offer must, in respect of each class of share capital involved, be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert with it for any interest in shares of that class during the 12 months prior to the announcement of that offer.

The City Code defines persons “acting in concert” to comprise “persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate an offer for a company”. The City Code defines “control” to mean “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.”

Mark Radcliffe, Neil Radcliffe and Carole Radcliffe (the “**Radcliffe Family**”) are considered to be acting in concert with each other in relation to the Company for the purposes of the Takeover Code. Following Admission, the Radcliffe Family will be interested in 188,763,638 Ordinary Shares representing approximately 58 per cent of the voting rights in the Company as set out in the tables at paragraphs 5.1 and 5.5 of Part VIII of this document. The Radcliffe Family will therefore have the ability to increase its stake without triggering the obligations to make a mandatory offer under Rule 9 of the City Code.

Martin Stewart, Stephnie Judge and James Casey are considered to be acting in concert with the Radcliffe Family for the purposes of the City Code (together the “**Concert Party**”) by virtue of their personal relationships and employment at Victorian Plumbing. Following Admission, the Concert Party will be interested in 203,805,451 Ordinary Shares representing approximately 63 per cent of the voting rights in the Company. The Concert Party will therefore have the ability to increase its stake without triggering an obligation to make a mandatory offer under Rule 9 of the City Code although individual members of the Concert Party will not be able to increase their percentage interests in shares through or between a Rule 9 threshold without Panel consent.

22. Taxation

Information regarding taxation is set out in Part V of this document. These details are, however, intended only as a general guide to the current tax position under UK and US federal taxation law. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

23. Further Information

Prospective investors should read the whole of this document which provides additional information on the Group and not rely on summaries or individual parts only. In particular, the attention of prospective investors is drawn to Part II of this document – *Risk Factors* – and Part IV of this document – *Operating and Financial Review*.

PART II

RISK FACTORS

An investment in Ordinary Shares involves a high degree of risk. Accordingly prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in Ordinary Shares. The Board considers the following risk factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority.

If any of the following risks actually occur, the Group's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of Ordinary Shares could decline and investors may lose all or part of their investment.

Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Group's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group. In particular, the Group's performance may be affected by changes in the market and/or economic conditions and in legal, regulatory and tax requirements.

An investment in Ordinary Shares described in this document is speculative. Potential investors are accordingly advised to consult a person authorised for the purposes of FSMA who specialises in advising on the acquisition of shares and other securities before making any investment decisions. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her. If you are in any doubt about the action you should take, you should consult your independent professional adviser authorised under FSMA.

1. Risks relating to the Group and its business

The Group's business depends on the strength of its brand and the ability for the Group's brands, website and product offering to receive positive market recognition. If events occur that damage the Group's reputation or brands, this could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Maintaining, protecting and enhancing the Group's reputation, brand and product offering is critical to expanding and retaining its customer base. Factors that could influence such an ability include:

- technical issues causing significant downtime of or disruption to the Group's website could cause frustration with customers and negatively impact confidence in the brand;
- technical or other problems preventing the Group from receiving or delivering its products to and from warehouses in a timely and reliable manner or otherwise negatively affecting the customer experience;
- a reduction in the quality of customer service including as a result of any unavailability or delay to customers of the Group's products, including products sourced from third parties or shipped by third parties which may arise due to factors outside the Group's control and which may negatively affect the customer experience;
- any pricing changes for the Group's products are negatively received or the pricing of the Group's competitors change, resulting in the Group's offering being less competitive;
- ineffective marketing or brand promotion campaigns by the Group or, conversely, effective marketing or brand promotion campaigns by the Group's competitors;
- security breaches leading to the Group's loss of confidential customer or employee information;
- negative publicity surrounding the Group, its celebrity endorsers (e.g. Laurence Llewelyn-Bowen), its brands or its products for any reason, including publicity resulting from negative online reviews or user generated social media content;
- unfavorable press coverage of the Group or its suppliers around product quality or working conditions (such as fire safety, pay levels and/or adherence to local regulations);

- a perception that the Group acts in an irresponsible manner, including with respect to its environmental, social or corporate responsibilities; or
- if there are adverse changes that are mandated by legislation, regulatory authorities or litigation that impacts the Group's ability to market its products to customers.

If the Group is unable to continue to offer bathroom products that are attractive to its customers, to obtain such products at costs that allow it to sell such products at a profit or to market such products effectively to customers, the Group may not be able to attract new customers or retain existing customers, and its sales or profitability could be affected adversely.

The success of the Group's business depends in part on its ability to anticipate, identify and respond promptly to evolving trends in demographics and customer preferences, expectations and needs, so that it can continue to attract and retain customers. The Group's product offering is influenced in part by how it views these preferences, expectations and needs. If the Group is unable to respond quickly to developing trends or if the spending patterns or demographics of these markets change the demand for its products and its market share could decline. Such a decline could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

A satisfied and loyal customer base is crucial to the Group's sustained growth, both for continued engagement and retention of existing customers as well as through promoting the Group to attract new customers. The way the Group directly interacts with customers through its platform is important to maintaining continuous customer relationships particularly because the Group does not generally have the direct face-to-face contact with customers that comes from offline retail. For example, if customer ratings of the Group's products were to decline as reflected by lower Trustpilot ratings, such negative customer experiences could adversely affect the business. Accordingly, any inability by the Group to retain customers or attract new customers could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

If the Group's customer acquisition costs increase or its investment in marketing activities fails to attract and retain new customers, its business, results of operation, financial condition or prospects could be materially adversely affected.

The Directors believe that the Group's marketing activities have been an important factor in attracting and retaining customers and of the revenue growth of the Group. For the financial years ended 30 September 2020, 30 September 2019 and 30 September 2018, the Group's marketing costs were £52.2 million, £40.8 million and £34.8 million respectively, representing 25 per cent, 27 per cent and 30 per cent of the Group's revenue respectively. The Group uses a multi-channel marketing strategy to attract and retain customers and increase brand awareness. The Group's marketing may not succeed for a variety of reasons, including if the Group were unable to: execute and implement its plans effectively, allocate resources in an efficient manner, both through appropriate TV and radio advertising as well as paid social media placements or through its performance marketing investments; or appeal to shifting customer preferences and sensibilities. In particular, social media is often user generated and there is therefore a heightened risk that marketing through this channel could result in user-generated content that is inappropriate or misaligned to the values of the business which may result in damage to the Group's brand and failure to attract new customers. If the Group is unable to generate meaningful customer acquisitions and sales from its investment in marketing activities, it could have a material adverse effect on the Group's business, financial condition or results of operations. Additional marketing spend may not contribute to increased customer acquisition, sales and growth at the same marginal efficiency as in the past.

Many of the Group's customers locate the Group's website, victorianplumbing.co.uk, through (i) internet search engines, such as Google, (ii) pay-per-click advertising through Google and other websites, and (iii) other advertisements on social media platforms, such as Instagram. If the price of marketing the Group's website or brands on search engines, social media platforms or TV increases, the Group may be required to increase its marketing spend or to allocate a larger portion of its marketing spend to these areas and its business and operating results could be adversely affected.

In addition, search engines, social media platforms and TV channels may change their advertising policies from time to time. If any change to these policies delays or prevents the Group from marketing effectively through these channels or reduces the effectiveness of its marketing, the Group could experience reduced traffic to its website and reduced sales of its products.

The Group also invests in content and other actions to maintain the prominence of the Group's websites on search engine results pages, which is an important factor in attracting potential customers. If the Group's website is listed less prominently or fails to appear in search results for any reason, visits to its website could decline significantly, and the Group may not be able to replace this traffic. Search engines revise their algorithms from time to time in an attempt to optimise their search results. If search engines modify their algorithms, the Group's website may appear less prominently or not at all in search results, which could result in reduced traffic to the Group's website. Additionally, search engines and social websites may block the websites of affiliates with which the Group has partnered. New search engines or social networking platforms may develop which may result in reduced traffic on existing search engines and social networking platforms if the Group is not able to achieve prominence on these new search engines or social networking platforms, the Group may not achieve significant traffic to its website through these new websites, which may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

A material proportion of visits to the Group's website are as a result of organic referrals from search engines. Transactions effected by consumers in this way result in higher margins to the Group, as there are lower associated direct costs. Search engines do not accept payments to rank websites in their organic search results and instead they rely on algorithms to determine which websites are included in the results of a search query. An unexpected change in how search engines prioritise search traffic could have a material impact on the Group's ability to generate traffic to its websites, which, in turn, could have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group.

Further, the Group is currently dependent on Google Analytics to monitor the customer journey on its website. Failure of this supplier would lead to the loss of an essential reporting metric of the Group and ultimately a reduced ability to track the effectiveness of marketing activities.

Any of the foregoing could impact the effectiveness of the Group's customer acquisition efforts or increase customer acquisition costs related to the Group's marketing initiatives and could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group relies on the performance of highly skilled personnel, including its founders, Mark Radcliffe and Neil Radcliffe, other senior management and its key employees, and the loss of one or more of such personnel or a significant number of its team members, or the inability to attract and retain senior management and other key employees needed to support the Group's business, could have a material adverse effect on the Group's results of operations and future growth.

The Group's performance depends on the continued services and contributions of its founders, Mark Radcliffe and Neil Radcliffe, other senior management and skilled personnel, particularly its product development, marketing and technology teams. The loss of services of senior management or other key employees could significantly delay or prevent the achievement of the Group's strategic objectives. From time to time, there may be changes in the Group's senior management team resulting from the hiring or departure of executives, which could disrupt its business, lead to loss of "know how", brand relationships and key skills. The Group does not maintain key person life insurance policies on any of its employees with the exception of its chief executive officer, Mark Radcliffe. The loss of the services of one or more of the Group's senior management, or other key employees, for any reason could affect the Group's operations and reputation, and could require significant amounts of time, training and resources to find suitable replacements and integrate them within the Group's business and could affect its corporate culture, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

In addition, competition remains intense for highly skilled personnel, including staff with ecommerce expertise across all functions and, within the technology function, software engineers and other technology specialists. The specialised skills which the Group requires are in short supply and can be difficult to acquire. As such,

recruiting personnel with such skills, may be expensive. A lengthy period of time is also required to hire and train replacement personnel and it takes time for newly recruited personnel to learn the Group's systems and business and become productive. An inability to hire, train and retain a sufficient number of qualified employees could materially hinder the Group's business by, for example, delaying its ability to bring new products to market or delaying enhancements in its platforms, impairing the success of the Group's operations. Even if the Group is able to maintain its employee base, the resources needed to attract and retain such employees, as well as to update their skills as the technological demands of the Group's industry change, could become increasingly costly. Competition for well-qualified and specialised skills in the UK could intensify as a result of Brexit and as a result of high demand for employees with ecommerce expertise. Competition for such skills is also driven by the accelerating impact of Covid-19 upon the demand for online products and services.

The Group is an ecommerce business and a significant disruption to its IT platform or third party services could prevent it from operating effectively and damage its reputation having a material adverse effect on the its business, financial condition or prospects.

The Group relies on IT platforms and services, including third party cloud infrastructure. Like many technology-based businesses, the Group and its suppliers may experience system disruptions that impact its or their IT systems. Any disruptions or outages to the systems used by the Group or its suppliers, including as a result of security breaches, fire, flood, power loss, telecommunications failure, physical or electronic break-ins, earthquakes and acts of war or terrorism could affect the availability of IT services and prevent or inhibit the ability of customers to access or complete purchases. This could materially adversely affect the quality of the Group's services, its brands and reputation as well as its ability to generate revenue through a reduction in the number of orders from customers.

The Group relies on the Microsoft Azure platform, which provides IT platform services. As a result, the Group is vulnerable to any service interruptions at Azure, which could impact the ability of customers to place orders and communicate with the Group. In the event that there was a service failure at Azure, interruption of Internet connectivity or termination of the Group's agreement with Azure, the Group could experience interruptions in accessing its platform as well as delays and expenses in arranging replacement facilities and services. The Group would face significant costs if it had to prepare to use an alternative cloud service provider or take other actions to mitigate against any failure of Azure services. The Group also relies on Search Spring, a third party provider, in relation to the operation of the search function on its website. Additionally, certain third party providers and the Group's operations are coordinated by platforms on physical IT infrastructure at the Group's headquarters. Any interruption to these could disrupt the Group's ability to send orders to its suppliers and otherwise manage its operations.

The Group may experience interruptions in the availability of its IT systems due to a variety of factors, including infrastructure changes, human or software errors and disruptions to the Internet or third party services. In common with other ecommerce businesses, the Group's IT platform may be vulnerable to misuse and cyberattack, including viruses and malicious software, unauthorized access, phishing attacks, denial-of-service attacks and fraudulent transactions. Third parties or current or former employees may attempt to access the Group's systems, for example to obtain personal data or confidential information or carry out fraudulent activity. These issues and activities could have a range of negative effects, including compromising information security, allowing fraud or damaging the customer experience. The rise in remote working as a response to the Covid-19 pandemic has also increased the risk of Group employees compromising its systems or misusing personal data and confidential information.

Any errors or disruptions to the Group's IT platforms or services could have a material adverse effect on its reputation, business, financial condition and prospects.

A failure of the Group to improve and enhance the functionality, performance, reliability, design, security and scalability of its IT platforms in a manner that responds to its customers' evolving needs could have a material adverse effect on the Group's business, financial condition or prospects.

The Group relies on its technology platforms for the sale of bathroom products to customers. Most of the Group's systems are developed and maintained in-house, although some are developed and maintained by third parties.

These technologies are characterised by change and innovation, and the Group expects them to evolve rapidly. The Group's success has been based on its ability to identify and anticipate the needs of customers and design a platform that facilitates their ability to make purchases. The Group's business and results of operations will depend in large part on its ability to continue to improve and enhance the functionality, performance, reliability, design, security and scalability of its technology platform, including those parts sourced from third parties. This includes continued development of customer-facing features that display relevant bathroom products in response to customer searches and enhance cross selling, as well as the continued development of its back-end features to provide a faster checkout experience, increase the Group's range and control of promotions and improve pricing and inventory management.

Any failure by the Group or its third party service providers to maintain and improve the Group's technology systems and infrastructure may result in performance issues, including system interruptions. These may have a material adverse effect on the Group's business, financial condition and prospects.

Data protection laws and enforcement practices could expose the Group to increased regulatory risk.

The Group is subject to data protection and privacy rules in the UK and EU, including rules regulating electronic communications and marketing. As an ecommerce business, these are of key importance to the Group. The ability of the Group to process data about its customers, particularly for marketing, is important to its business.

The Group is required to maintain appropriate technical and organisational security for personal data and may only process personal data where it has a lawful basis for doing so. Data security and marketing are key risk areas for regulators. Failure to comply with the data protection rules may result in liability to third parties, and regulatory action including fines and reputational damage. The maximum fine for breach of the UK data protection rules is the greater of £17.5 million or 4 per cent of global turnover.

The Group has taken steps to enhance its data security and governance. However, this effort is ongoing and these measures taken may not be sufficient. A data breach could expose the Group to significant liability.

The current data protection rules are new and additional rules are being discussed, particularly in the area of digital marketing and profiling. Relevant enforcement practices are also evolving, particularly in relation to marketing. The Group will need to take the changing legal and enforcement background into account.

The Group's growth may place significant demands on the Group's management and infrastructure and compromise the Group's customer service levels.

The Group has experienced significant revenue growth in recent periods. The Group had revenue of £208.7 million, £151.4 million and £117.4 million for the years ended 30 September 2020, 2019 and 2018, respectively, and revenue of £140.7 million and £96.0 million for six months ended 31 March 2021 and 31 March 2020, respectively. Such growth rates may not be sustainable and may decrease or reverse in the future. The growth of the Group's business to date has placed, and any future growth is expected to continue to place, significant demands on the Group's management and its operational and financial infrastructure. As the Group's operations grow further, it will need to continue to improve and upgrade its systems and infrastructure. Such expansion will require the Group to commit substantial management, operational and other resources in advance of any increase in the size of the business, with no assurance that the volume of business will increase.

Continued growth could strain the Group's ability to maintain reliable service levels for its customers by leading to longer waiting times or poor communications, thereby damaging the brand. Continued growth may also strain the Group's ability to attract, train, motivate and retain employees and/or develop and improve its operational, financial and management controls. In addition, the Group's business and platform may be unable to accommodate a significant increase in the number of customers or orders if the Group's warehouses begin to operate at or near capacity, thereby increasing the likelihood of stock outs. If the Group is unable to accommodate a substantial increase in customer orders, or to maintain customer services levels while accommodating any such increase, the Group's business, financial condition, results of operations and prospects may be materially adversely affected.

The Group's expansion of its trade customer base or expansion into adjacent product categories may not be successful.

In the financial years ended 30 September 2020, 30 September 2019 and 30 September 2018, the Group's revenue from trade customers was £28.6 million, £20.0 million and £15.2 million respectively, and represented between 13 per cent and 14 per cent of the Group's total revenues in each of those years. The Group's plans to enhance its existing offering to trade customers with focused marketing campaigns, further rolling out the trade-only portal, the development of a trade-specific app and a coherent approach to trade discounts may not succeed in growing average order value, orders from repeat customers or revenue.

Over recent years the Group has expanded the product range it offers into various adjacent categories such as tiling and flooring, and lighting. The Group may seek to continue to expand its business by expanding the breadth of products offered to its customers. The Group may be unable to expand its business in these ways in a cost-effective or timely manner. Furthermore, any such expansion of the Group's business that is not favourably received by consumers could damage the Group's reputation and brands.

Any such expansion of the Group's business in adjacent categories would be likely to require significant additional investment, together with operations and resources, notably additional warehouse space, which could strain the Group's management, financial and operational resources. The lack of market acceptance of such efforts or the Group's inability to generate satisfactory revenue from expanded products or services or expansion internationally to offset their costs could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's expansion into new jurisdictions may not be successful.

The Group may explore potential expansion opportunities in new markets in Europe in the longer term, including but not limited to France, Germany, Spain and Ireland. Any expansion into markets outside the United Kingdom would expose the Group to a variety of risks, including different regulatory requirements, complications with staffing and managing foreign operations, variations in consumer behaviour, fluctuations in currency exchange rates, potential political and economic instability, potential difficulties in enforcing contracts and intellectual property rights, the potential for higher rates of fraud and adverse tax consequences. The Group's management has limited experience with the legal and regulatory regimes of jurisdictions other than the United Kingdom and their consequences for the Group's business. Moreover, the Group may be unable to foster and maintain its culture in connection with any expansion of its operations into markets outside the United Kingdom.

There is also a risk that markets outside the United Kingdom, and in particular demand for products by online bathroom retailers, may not develop as it has in the United Kingdom, or at all, or that the Group's brand may not develop in such markets. The development of such markets is subject to political, social, regulatory and economic forces beyond the Group's control. To the extent that the Group overestimates the potential of a new geographic market, incorrectly judges the timing of the development of a new geographic market or fails to anticipate the differences between a new geographic market and the United Kingdom, the Group's attempt to expand into new geographic markets may be unsuccessful and may have a material adverse effect on the Group's business, financial condition and results of operations.

There is uncertainty relating to the extent to which the Group will retain the additional customers and revenue acquired during the Covid-19 pandemic, and whether or not (and if so to what extent) there will be any enduring change in consumer behaviour or competitor landscape as a consequence of the pandemic. This uncertainty makes it difficult for the Group to evaluate its future prospects, and as a result the Group may not achieve its targeted financial results.

The Group has experienced significant growth during the three year period ended 30 September 2020, including in respect of new customer acquisition, increased existing customer retention, increased order numbers, and increased order value per customer. The higher growth in revenue experienced by the Group during the second half of the financial year ended 30 September 2020 and during the six months ended 31 March 2021 has been due, in part, to Covid-19 lockdowns and restrictions implemented in the UK and other jurisdictions where it sells its products, and the resulting shift to online purchases as many retail shops were closed or had limited operations. It is difficult for the Group to predict how these recent growth patterns that were driven by Covid-19, will evolve over time and thus what proportion of this recent growth represented exceptional purchasing by customers during this recent period which is not expected to

continue. It is also difficult to predict the extent or timing of impact that the deployment of vaccines and the emergence of any new variants of Covid-19 may have on current or future government restrictions. The Group cannot predict whether customer behaviour has permanently changed and whether the new customers acquired during the period of the Covid-19 restrictions will generally behave in the same manner as the Group has observed from its historical customers. The growth in revenue attributed to Covid-19 experienced by the Group in the last half of the financial year ended 30 September 2020 and for the six months ended 31 March 2021 is not expected to continue indefinitely in future periods.

The Group presents various targets in this document relating to the Group's near and medium-term financial outlook in respect of revenue, Adjusted EBITDA margin and other forward-looking performance measures, including in relation to expected customer behaviour. However, as described above, due in part to uncertainty around the continuing and long-term impact of Covid-19 (including that related to national lockdowns in the UK), it is difficult for the Group to predict how much, or whether any, of the recent growth experienced by the Group will continue and makes the Group's ability to set near and medium-term financial targets and other forward-looking performance measures particularly challenging. With that said, the Group's outlook anticipates a decline in revenue growth in the second half of the financial year ending 30 September compared to the first six months ended 31 March 2021 as the higher levels of orders seen in the first half of the financial year are expected to moderate. The information in respect of the Group's near and medium-term financial outlook and other forward-looking performance measures represent the Group's targets only and should not be relied upon to predict or forecast actual near- and medium-term results or future events. Such targets and beliefs are unaudited and reflect a number of assumptions relating to future order volumes, new customers acquired, retention of previously acquired customers and their purchase behaviour reflecting the historical patterns observed by the Group in the past, the Group's continued brand strength, market share and capital expenditures, any of which may not be borne out due to both known and unforeseen risks, uncertainties and other important factors beyond the control of the Group that could affect actual results, including understanding the overall impact of Covid-19. The Group's targets and the underlying assumptions and judgments carry an inherent degree of uncertainty and may not take into account all relevant considerations. If the assumptions upon which the estimated data are based prove to be inaccurate, the Group's actual financial results and performance may be lower than targeted or the Group's position in its industry may be less favourable than expected, which in turn may have a material adverse effect on the Group's business, financial condition and results of operations in the near and medium-term.

The Group's transition to a public company may have adverse effects.

The Group has been successful as a private business whose existing shareholders, for the most part, have been closely involved in the business. The Company's transition to a public company involves changes in its ownership and Board structure, as well as the implementation of new policies and procedures to meet the higher standards expected of a public company. The Directors expect certain Existing Shareholders to continue to be closely involved in the business, particularly Mark Radcliffe and Neil Radcliffe. There can, however, be no assurance that, in the more public environment of a quoted public company, the Group will be able to manage its operations and strategic direction as successfully as it has as a private business or successfully implement new policies and procedures, which may adversely affect the Group's operations and business.

The Group may fail to maintain its culture, or may be unable to attract, train, motivate and retain suitably qualified personnel.

The Directors believe that the Group has a strong culture and that its culture has helped the Group to attract high quality personnel, maintain a high retention rate of key staff and create a work force that is dedicated to delivering high quality customer service. If the Group fails to maintain and further develop its culture, the quality of its services may deteriorate and its brands and customer loyalty may be adversely affected.

The Group is reliant on its staff for the management, operation, development, maintenance, repair and upgrading of its business, operations and systems. The Group must regularly train its employees so that they have up-to-date knowledge of various aspects of the Group's operations and motivate its employees to meet the Group's requirement to provide customers with high quality service. If the Group fails to provide adequate training to its employees, or if the Group fails to motivate its employees, this could have a material adverse effect on the Group's reputation, business, financial condition, results of operations and prospects.

The Group's ability to attract, train, motivate and retain suitably qualified and experienced staff is important for the Group's on-going success. The Group may be unable to attract and retain sufficient personnel of the right calibre or may incur significant additional costs to attract and retain personnel, which may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group relies on third party payment providers for the provision of payment services and any failure of such services to function properly could have a material adverse effect on its business, results of operation, or financial conditions.

The Group relies on a single third party provider in the UK, Stripe, as a third party payment service provider for taking payments via credit and debit cards on all of its platforms. The Group also operates payments through PayPal and Klarna. If there was a disruption to the Group's third party payment services, the Group could incur substantial delays and expenses in finding and integrating alternative third party payment service providers, and the quality and reliability of such alternative payment service providers may not be comparable. In addition, the Group pays interchange and other fees to these third party payment providers for these card payments, which may increase over time, raise operating costs and lower margins.

The Group is also subject to the operating rules of its various third party payment service providers, which could change or be reinterpreted to make it more difficult or impossible for the Group to comply. If the Group fails to comply with these rules or requirements, it may be subject to higher transaction fees and lose its ability to accept credit and debit card payments from customers, which would make its services less convenient and attractive to the Group's customers and likely result in a substantial reduction in revenue. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group may in the future suffer from internet-related fraud, including credit or debit card fraud.

A significant portion of the Group's customers' payments are made by credit card or debit card via Stripe, with the remainder of payments generally coming from PayPal and Klarna. The Group may in the future be liable for accepting fraudulent credit or debit cards and could be subject to other payment disputes with its customers for such sales. For example, the Group may incur losses because of claims that the customer did not authorise given purchases, fraud, erroneous transmissions and customers who have closed bank accounts or have insufficient funds in their accounts to satisfy payments owed to the Group. Furthermore, stolen account credentials from third party sites consisting of usernames and passwords that are the same as account information on the Group's platforms have in the past and may in the future be used to gain unauthorised access to customers' user accounts on the Group's platforms. Sales made through the Group's technology platforms which involve or may involve fraudulent credit card or debit card transactions may result in decreased revenue for the Group and increased costs and could therefore materially adversely affect the Group's margins, business, financial condition and results of operations.

The Group invests in technology and people to combat fraud, however the Group's ability to detect and combat increasingly sophisticated fraudulent schemes may be negatively impacted by the adoption of new payment methods, the emergence of new technology platforms, including mobile. The use of fraudulent credit or debit cards through the Group's platforms could harm the Group's reputation and could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to, or voluntarily complies with, a number of other laws and regulations including with respect to money laundering, privacy and information security. These laws and regulations could change or be reinterpreted to make it difficult or impossible for the Group to comply. If it was found to be in violation of any of these applicable laws or regulations, it could be subject to civil or criminal penalties and higher transaction fees, which may make Group products less convenient and less attractive to its customers and diminish the customer experience.

Failure to achieve and maintain a high level of product quality as a result of the Group's suppliers' or manufacturers' mistakes or inefficiencies could damage the Group's reputation and negatively impact the Group's revenue and results of operations.

To continue to be successful, the Group must continue to preserve, grow and leverage the value of the Group's brand in the marketplace. Reputational value is based in large part on perceptions of subjective

qualities. Even an isolated incident, or the aggregate effect of individually insignificant incidents, can erode trust and confidence, particularly if such incident or incidents result in adverse publicity, governmental investigations or litigation, and as a result, could tarnish the Group's brand and lead to adverse effects on our business.

In particular, product quality issues as a result of the Group's suppliers' or manufacturers' acts or omissions could negatively impact customer confidence in the Group's brands and products. As the Group does not have direct control over the quality of the products manufactured or supplied by such third party suppliers, the Group is exposed to risks relating to the quality of the products the Group distributes. If the Group's product offerings do not meet applicable safety standards or customers' expectations regarding safety or quality, or are alleged to have quality issues or to have caused personal injury or other damage, the Group could experience lower revenue and increased costs and be exposed to legal, financial and reputational risks, as well as governmental enforcement actions. In addition, actual, potential or perceived product safety concerns could result in costly product recalls.

Certain of the Groups suppliers have provided warranties and guarantees covering the costs associated with the provision of defective products. However, there can be no assurance that such contractual rights will be obtained or adequate, or that related claims will be successfully asserted by the Group.

The Group relies on various third parties for the supply and production of its products, and if the products or supplies become limited or disrupted, or if there is any deterioration in the Group's relationships with such third parties, the price of these products could rise or these products may be unavailable.

The products sold by the Group, whether they are sold under the Group's own brands or a third party label, are produced by third parties. In the financial year ended 30 September 2020, over 45 per cent of the Group's products were manufactured by suppliers in China. A variety of issues might disrupt these supply chains and supplier relationships. For example, political and economic instability in the countries in which foreign suppliers or manufacturers are located, the financial instability of suppliers, suppliers' failure to meet the Group's standards, issues with labour practices of its suppliers (including working or living conditions or negative media coverage of labour practices in particular countries or regions) or labour problems they may experience (such as strikes), the availability and cost of raw materials to suppliers, merchandise quality or safety issues, transport availability and cost, inflation and other factors relating to the suppliers and the countries in which they are located or from which they import could interrupt the Group's sourcing activities and/or have an adverse impact on its reputation. In addition, the Covid-19 pandemic, in particular if a significant deterioration in public health conditions leads to renewed lockdown and other restrictions, could heighten the risks of certain of these supply risks. Any of these factors, which are beyond the Group's control, could have negative implications for the Group.

A significant proportion of the products sold by the Group, whether under the Group's own brands or a third party brand, are imported from outside the United Kingdom or purchased from domestic distributors that import from outside the United Kingdom. As a result, the terms of the United Kingdom's departure from the European Union may impact the Group's ability to procure these products in a timely and cost-effective manner, whether from EU countries or from outside the European Union pursuant to the United Kingdom's existing trade arrangements. Disruption to the United Kingdom's import capacity, particularly at ports, could also affect the availability of products sold by the Group.

Disruptions due to labour stoppages, strikes or slowdowns that affect the Group's suppliers, or changes in global trade that negatively impact the Group's ability to procure products on the same terms it currently does, or other disruptions involving the Group's suppliers or the shipping, transportation and handling industries also may affect its ability to receive merchandise in a timely manner and thus may negatively affect the Group's sales and profitability. The Group may in the future experience product shortages, due to any or all of the factors described above, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group is also subject to the risks associated with international trade, particularly those risks which are common in the manufacturing and import of goods from developing countries, including:

- the imposition of taxes or other charges on imports;
- increasing trade tensions arising from geopolitical pressures, particularly with respect to China;

- compliance with, and changes to, import restrictions and regulations; and
- exposure to different legal standards and the burden of complying with a variety of foreign laws and changing foreign government policies.

If any of these risks were to affect the Group's ability to source goods, it could affect the Group's business, profit and overall financial condition.

The Group may be unable to protect its intellectual property or other proprietary rights or may be sued for infringing the intellectual property or other proprietary rights of third parties.

The Group's success and ability to compete in the online bathroom products sector depends in part on protecting its brand, its proprietary code, trade marks and confidential information in relation to the Group's own brands and product offerings. For example, loss or deletion of the Group's code that is vital to its tech infrastructure may lead to software becoming difficult or impossible to maintain or a delay in the development roadmap. In addition, third parties may infringe the Group's intellectual property, or breach contractual restrictions intended to protect its intellectual property and confidential information. An infringement of the Group's intellectual property could cause our business to lose its competitive advantage, have a material adverse impact on the value of its intellectual property, cause the Group to suffer reputational damage and otherwise disrupt its business activities, in particular if the Group has to enforce our intellectual property through expensive litigation.

While the Directors are not aware of any current third party claims, the Group's competitors, or other entities and individuals, may claim to own or have exclusive rights to intellectual property or other proprietary rights used in the Group's business. From time to time, third parties may claim that the Group is infringing their intellectual property rights, and the Group may be found to in fact be infringing such rights.

Conversely, the Group may be sued by third parties for alleged infringement of their proprietary rights. In a case brought by one of the Group's competitors, Victoria Plum, the High Court in England and Wales ruled in November 2016 that both the Group and Victoria Plum's activity of bidding on certain Google keywords amounted to passing off and the Group was found to have been infringing certain of Victoria Plum's trade marks in bidding on certain Google keywords including its name. The Group is subject to an undertaking not to bid on such terms. Under the same court order, Victoria Plum is subject to an undertaking not to bid on the term "Victorian Plumbing", which amounted to passing off of Victorian Plumbing.

Third parties may seek to challenge, invalidate, or circumvent the Group's copyright, trade marks, domain names and other rights or applications for any of the foregoing. In addition, it may be possible for other parties to copy or reverse-engineer the Group's products. Historically, the Group has not registered its intellectual property rights to products developed by its in-house designers. Further, the Group may be unable to prevent third parties from acquiring domain names, trade marks or similar rights that are similar to, infringe, or diminish the value of the Group's domain names, trade marks and other rights.

If the Group successfully detects any such violations, it may be required to spend significant resources. The Group may have to enforce its rights with respect to its intellectual property and other proprietary rights or defend its activities where it is alleged that it has infringed the intellectual property or other proprietary rights of others, including by litigation. Any claims or litigation could cause the Group to incur significant expenses and, if it does not prevail, it could be required to pay substantial damages or licence fees by way of a one-off payment or ongoing royalty payments, prevent the Group from operating our platform, or require it to comply with other unfavourable terms. It could also result in the impairment or loss of portions of the Group's intellectual property rights or confidential information. Even if the Group were to prevail in any such dispute, any litigation regarding its intellectual property could be costly and time-consuming and divert the attention of management from the Group's business operations.

Fluctuations in exchange rates may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is exposed to transactional foreign currency risks between GBP and USD and GBP and EUR. Transactional foreign currency arises from the Group purchasing of products from China in US dollars, but selling those products in GBP. While the Group typically enters into foreign currency exchange forward contracts for a maximum of 12 months and spot contracts on an ad hoc basis, such contracts may not always be available or may only be available for limited amounts of time or limited amounts. In addition, the

volatility of foreign currency exchange rates is dependent on many factors that cannot be forecasted with reliable accuracy and the Group's hedging strategies may not prove effective in reducing its foreign currency exposures. While the Group has in the past been able to recover foreign currency costs onto customers by adjusting its prices, there can be no guarantee that it will be able to do so in the future. Significant fluctuations in exchange rates could therefore have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Risks relating to the Online Bathroom Products Industry

The Group faces significant competition for its products, and its success depends on its ability to compete effectively. Failure to compete could have a material adverse effect on the Group's outlook and prospects.

The UK market for bathroom products and accessories is highly competitive, particularly with respect to customer experience, price, quality, availability, product and delivery options, as well as digital capabilities.

The Group's competitors include large, national home improvement retailers, store-based bathroom specialist retailers (some of which also have online offerings), and a variety of independent specialists, as well as other online retailers. There is a risk that new competitors may emerge or that existing competitors may in the future choose a different operating model (e.g. designing, installation, online offerings) or a more appealing service. For example, new competitors could emerge as a result of a home improvement or generalist retailer expanding into the bathroom products market or a non-UK retailer entering the market or significantly expanding its range of bathroom products.

Further, if the Group continues to expand its product ranges or moves into different territories its competitor set will also expand to include competitors in such new markets. Consolidation in the industry could also alter the competitive landscape.

Some of the Group's competitors, particularly large home improvement retailers, may have larger and broader customer bases, wider distribution channels, substantially greater financial, technical or marketing resources, stronger brand or name recognition or a lower cost base than the Group. Some of the Group's competitors may have greater research and development resources and be able to adapt to changes in customer requirements, customer preferences or attitudes toward bathroom products, launch innovative products more quickly, more readily take advantage of acquisitions and other opportunities, or have more established relationships with third party suppliers, which could result in the Group not being able to compete as effectively and lose its market position. The Group's competitors may also aggressively discount their products in order to gain market share, which could result in pricing pressures, reduced profit margins, lost market share, or a failure to grow market share for the Group.

The Group primarily competes on the basis of factors such as quality and range of products, product availability, product information, convenience, delivery options and service. If the Group fails to compete effectively in any one of these areas, it may lose existing customers and fail to attract new customers.

As a result, the Group may face increased competition for its target B2C customers and trade customers across a variety of the product lines that it offers. Actions taken by the Group's competitors, as well as actions taken by it to maintain its competitiveness and reputation, may place pressure on its pricing strategy, margins and profitability. The Group's competitors may also merge or form strategic partnerships, thus achieving economies of scale (for example, in buying, distribution and logistics) which could cause additional competitive pressure for the Group. There can be no assurance that the Group will be able to respond adequately to these multiple sources and forms of competition, whether from existing competitors or new market entrants. As a result of such competition, or as a result of increasing competitive pressure due to factors beyond the Group's control or the Group's inability to adapt effectively and quickly to a changing competitive landscape could affect its prices, its margins and demand for the Group's products and related services, which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group's success is influenced in part by the continued growth of the online bathroom and accessories market and the overall corresponding shift from physical to online purchasing by consumers.

In each of the financial years ended 30 September 2020, 30 September 2019 and 30 September 2018, over 99 per cent of the Group's revenue was generated online. The Group's success is influenced in part by the continued development and growth of the online bathroom and accessories market, including the portion of the online bathroom and accessories market that is expected continue to shift from physical to online purchases. Historical trends, however, may not be indicative of future trends and forecasts. Estimated growth rates may not be accurate, in whole or part, or ever materialise. In particular, the acceleration of the shift from physical to online purchases, including as a result of Covid-19 lockdowns and restrictions, may not continue at the estimated rates or at all (*see also the risk factor above entitled – There is uncertainty relating to the extent to which the Group will retain the additional customers and revenue acquired during the Covid-19 pandemic*). Further, underlying markets could decline, overall growth rates in the online bathroom and accessories market could be slower than anticipated and key anticipated trends could fail to materialise, which could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The market for home improvement purchases, and as a result the Group's business, may be adversely affected by economic and political conditions and other factors influencing disposable income in the United Kingdom.

The Group's financial performance depends significantly on the strength of the UK home improvement market, which is in turn influenced by the housing market in the United Kingdom. Trends in home improvement, housing repair and maintenance expenditure have historically been linked to leading housing market indicators, such as housing turnover and mortgage approvals. As a result, if economic or political conditions lead to low growth levels, negatively impacting the UK housing market, this may create uncertainty in the Group's strategic business planning and negatively impact demand for the Group's products and services.

The UK housing market can be affected by a variety of economic factors, including inflation, real disposable income, salaries, interest rates, the availability of consumer credit and consumer confidence, as well as global economic conditions, health concerns (including related to Covid-19) and UK government policy. In particular, these factors could lead to a decline in consumer confidence, increases in unemployment and repossession rates, and limited availability of credit (including mortgages, home equity loans and consumer credit), which could result in lower sales for the Group. For example, consumer confidence levels and housing transactions were impacted by the result of the 2016 UK referendum to leave the European Union, and lockdown measures early in the Covid-19 pandemic restricted home viewing activities and reduced transactions. Sentiment can also be negatively impacted by consumer perception of economic and political conditions, as well as changes to UK government regulation and policy, such as changes to stamp duty levels (*see also the risk factor above entitled – There is uncertainty relating to the extent to which the Group will retain the additional customers and revenue acquired during the Covid-19 pandemic*).

As a result, adverse conditions in, or uncertainty about, these markets, the economy or the political climate could adversely impact the Group's customers' confidence or financial condition, causing them to decide against purchasing home improvement products and services, causing them to delay purchasing decisions or impacting their ability to pay for products and services. Any of these trends may have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

The Group may be affected by new or developing laws and regulations applying to the Internet, online retail activity and electronic marketing.

As the Internet continues to revolutionise commercial relationships and the use of the online devices becomes more prevalent in everyday life, new laws and regulations relating to the Internet and the ecommerce sector are likely to be adopted. In addition, existing laws and regulations may be modified and regulatory approaches to enforcement may change. These factors may adversely affect the manner in which the Group operates and its business.

In particular, laws and regulations relating to consumer protection and distance selling, the collection, use and protection of data obtained from website visitors and app users, electronic marketing, online payments, pricing, anti-bribery, tax, platform-to-business interactions, content, copyrights, trade marks and the origin,

distribution and quality of goods and services may be introduced and/or existing laws and regulations may change. The growth and development of ecommerce may also lead to more stringent customer protection laws, such as card payment processing requirements and laws designed to protect small businesses. Any of these may impose additional burdens on the Group and increase its costs of business.

Failure to comply with applicable laws and regulations relating to the Internet, data protection, electronic marketing and ecommerce, could result in the Group being liable to fines and other sanctions and reputational damage. New laws, regulations and developments in industry practice and consumer behaviour may also result in the loss of or reduction in the Group's ability to market its products effectively or attract new customers on a cost-effective basis.

Regulators and authorities continue to evaluate the privacy implications of electronic marketing, including the use of cookies and other methods of tracking, profiling and behavioural advertising. Certain governments have enacted or are considering measures that could significantly restrict the ability of companies to engage in these activities, such as by increasing requirements for consumer notice and consent for certain cookies or other electronic tracking tools. The UK Information Commissioner's Office has an ongoing investigation into the use of real time bidding for online advertisements and connected privacy issues. Additionally, some providers of consumer devices and web browsers have implemented, or have announced plans to implement, ways to make it easier for users to prevent the placement of cookies or to block other tracking technologies. These plans, if widely adopted, could result in a significant reduction in the effectiveness of these marketing methods which could impact the ability of the Group to communicate with its customers via reminders, notifications and electronic marketing. Restrictions on these practices may negatively impact business metrics including frequency of purchases and customer retention rates, ultimately reducing revenue.

The Group's business may be materially adversely affected by changes to laws and regulations that require modified business practices, increased costs and could involve increased liabilities.

The Group is subject to various laws and regulations, including in relation to advertising, consumer protection, ecommerce and distance selling, product safety, quality and liability, health and safety, environmental (including emissions, energy consumption, packaging and waste), fire, planning, competition, tax, data protection and privacy, employment practices (including pensions). The Group is also subject to the application of self-regulatory schemes such as that of the Advertising Standards Authority in relation to its marketing activities and any adverse findings could adversely impact its promotional activities.

If any laws or regulations to which the Group is subject were to change or the Group's management, employees or suppliers were to fail to comply with applicable laws or regulations, the Group may be required to implement system and operating changes and could experience delays in shipments of its goods, be subject to fines or penalties, and suffer reputational harm. Furthermore, changes in tax laws, the interpretation of existing laws or the Group's failure to sustain its reporting positions on examination could adversely affect its effective tax rate or lead to increases in operating costs.

Changes in these requirements, or in their interpretation by authorities, could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Risks relating to the Ordinary Shares

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

As the Ordinary Shares have not previously traded, their market value is uncertain. There can be no assurance that the market will continue to value the Ordinary Shares at the Placing Price. Following Admission, the market price of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore be unable to recover their original investment. The Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. At the same time, stock market conditions may affect the Ordinary Shares regardless of the operating performance of the Group. Stock market conditions are affected by many factors, such as general economic outlook or interest rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply of capital. The market perception of the Group may also change,

potentially affecting the value of investors' holdings of Ordinary Shares and the ability of the Company to raise further funds by the issue of further Ordinary Shares or otherwise. Negative perceptions of the Group's competitors may result in negative market perception of the bathroom products industry as a whole, which would have an adverse effect on price of the Ordinary Shares as well as the Company's ability to raise further funds either publicly or privately. Accordingly, the market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets, and the price at which investors may dispose of their Ordinary Shares at any point in time may be influenced by a number of factors, only some of which pertain to the Group while others of which may be outside the Group's control.

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

Although the Company has applied for the Ordinary Shares to be admitted to trading on AIM, no assurance can be given that at any time after Admission a liquid market for the Ordinary Shares will develop or, if developed, could be sustained following Admission. An inactive market may also impair the Group's ability to raise equity capital in the future by further issues of Ordinary Shares in the long-term. Furthermore, the concentration of ownership by individuals affiliated with the Group may affect the liquidity of the market for Ordinary Shares on AIM and contribute to a perception that the ownership structure is not conducive to an investment decision involving the Group in the short- to medium-term. If an active and liquid trading market does not develop or is not sustained, the liquidity and trading price of the Ordinary Shares could be materially and adversely affected and investors may have difficulty selling their Ordinary Shares. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected. In the future, Shareholders who need to dispose of their Ordinary Shares may be forced to do so at prices that do not fully reflect the net asset value per Ordinary Share.

There is likely to be a higher risk for shares traded on AIM than on the Official List of the FCA.

Application has been made for the Ordinary Shares to be admitted to trading on AIM, 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. The AIM Rules are less onerous than the rules applicable to companies whose shares are listed on the premium/primary segments of the Official List of the FCA and an investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List of the FCA. AIM has been in existence since June 1995 but its future success, and liquidity in the market for the Company's securities, cannot be guaranteed.

Further, the contents of this document have not been examined or approved by the London Stock Exchange or the FCA. It may be more difficult for investors to realise their investment on AIM than to realise an investment in a company whose shares are quoted on the Official List of the FCA.

The Company's ability to pay dividends in the future depends, among other things, on the Group's financial performance and capital requirements.

The Group has not made any commitment to pay dividends in the future and there can be no guarantee that the Group's historic performance will be repeated in the future, particularly given the competitive nature of the industry in which it operates, and its sales, profit and cash flow may significantly underperform market expectations. If the Group's cash flow underperforms market expectations, then its capacity to pay dividends will suffer. Any decision to declare and pay dividends will be made at the discretion of the Directors and will depend on, among other things, applicable law, regulation, restrictions on the payment of dividends in the Group's financing arrangements (if applicable), the Group's financial position, the Company's distributable reserves, regulatory capital requirements, working capital requirements, finance costs, general economic conditions and other factors the Directors deem significant from time to time. There can be no assurance that the Group will pay dividends or, if a dividend is paid, what the amount of such dividend would be. Consequently, it is possible Shareholders may not receive any return on their investment unless they sell their Ordinary Shares for a price greater than that which they paid for them.

Shareholders are subject to the risk of changes in (or interpretations of) the tax treatment of the Ordinary Shares.

Changes in tax laws or subordinate legislation or the practice of any taxation authority could have a material adverse effect on the Group. An investment in the Ordinary Shares may involve complex tax considerations which may differ for each investor and each investor is advised to consult its own tax advisers. Any tax legislation and its interpretation and the legal and regulatory regimes which apply in relation to an investment in Ordinary Shares may change at any time.

The issuance of additional shares in the Company in connection with future capital raisings, acquisitions, any share incentive or share option plan or otherwise may dilute all other shareholdings.

It is possible that the Company may decide to issue, pursuant to a public offer or otherwise, additional Ordinary Shares in the future at a price or prices higher or lower than the Placing Price. An additional issue of Ordinary Shares by the Company, or the public perception that an issue may occur, could have an adverse effect on the market price of Ordinary Shares and could dilute the proportionate ownership interest, and hence the proportionate voting interest, of Shareholders if, and to the extent that, such an issue of Ordinary Shares is not effected on a pre-emptive basis or Shareholders do not take up their rights to subscribe for further Ordinary Shares as part of a pre-emptive offer.

Substantial sales of Ordinary Shares by Shareholders may negatively impact the price of the Ordinary Shares.

There can be no assurance that certain Shareholders will not elect to sell their Ordinary Shares following the expiry of applicable lock-in and orderly marketing arrangements contained within the Placing Agreement. The market price of Ordinary Shares could decline as a result of any such sales of Ordinary Shares or as a result of the perception that these sales may occur. In addition, if these or any other sales were to occur, the Company may in the future have difficulty in offering Ordinary Shares at a time or at a price it deems appropriate.

Immediately following Admission, Mark Radcliffe, Neil Radcliffe and Carole Radcliffe will hold approximately 58 per cent of the Ordinary Shares and there could be instances where their interests diverge from those of the other Shareholders.

Immediately following Admission, Mark Radcliffe, Neil Radcliffe and Carole Radcliffe (the “**Majority Shareholders**”) will hold approximately 58 per cent of the Ordinary Shares. On the date of this Admission Document, the Company and the Majority Shareholders have entered into a relationship agreement (the “**Relationship Agreement**”). The Relationship Agreement has been entered into to ensure that the Company is capable at all times of carrying on its business independently of the Majority Shareholders and its associates. In particular, the Relationship Agreement contains undertakings from the Majority Shareholders to, among other things: (i) conduct all transactions and arrangements with any member of the Group at arm’s length and on normal commercial terms; and (ii) not take any action which would have the effect of preventing the Company from complying with its obligations under the AIM rules. The Relationship Agreement is not subject to any additional penalty or indemnity clauses. There could be instances when the Majority Shareholders have interests that diverge from those of the other Shareholders. As a result, Majority Shareholders have the ability to exercise influence over the business of the Group and determine the outcome of certain matters submitted to the vote of shareholders. In particular, Majority Shareholders could block certain shareholder resolutions requiring approval by more than a simple majority to pass, such as special resolutions. Moreover, Majority Shareholders could pass certain shareholder resolutions requiring approval by a simple majority to pass, such as the appointment or re-election of directors, irrespective of the vote of any other Shareholder. For example, Majority Shareholders’ influence over the Group may have the effect of delaying or deterring a change in control of the Group, could deprive investors of an opportunity to receive a premium for their Ordinary Shares as part of a sale of the Group and might affect the value of the Ordinary Shares. Furthermore, future acquisitions by the Group may result in an increase in the collective shareholding of Majority Shareholders in the Group.

The Company is a holding company with no business operations of its own and depends on its subsidiaries for cash, including in order to pay dividends.

The Company is a group holding company with no independent operations and will be dependent on earnings and distributions of funds from its operating subsidiaries for cash, including in order to pay dividends to Shareholders. As a matter of English law, the Company can pay dividends only to the extent that it has sufficient distributable reserves available, which depends upon the Company receiving cash from its operating subsidiaries in a manner which creates distributable reserves. The Company's ability to pay dividends to Shareholders therefore depends on the future profitability of the Group, the ability to distribute or dividend profits from operating subsidiaries up the structure to the Company, general economic conditions, the approval by the UK courts of the Company's planned capital reduction, and other factors the Directors deem significant. The Company's distributable reserves can be affected by reductions in profitability as well as by impairment of assets.

Overseas shareholders may be subject to exchange rate risk.

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

Pre-emption rights for US and other non-UK holders of Ordinary Shares may be unavailable.

In the case of certain increases in the Company's issued share capital, existing holders of Ordinary Shares are generally entitled to pre-emption rights to subscribe for such shares, unless shareholders waive such rights by a resolution at a shareholders' meeting. However, securities laws of certain jurisdictions may restrict the Company's ability to allow participation by shareholders in future offerings. In particular, US Holders of ordinary shares in English companies are customarily excluded from exercising any such pre-emption rights they may have, unless a registration statement under the Securities Act is effective with respect to those rights, or an exemption from the registration requirements thereunder is available. The Company does not intend to file any such registration statement, and the Company cannot assure prospective US investors that any exemption from the registration requirements of the Securities Act or applicable non-US securities law would be available to enable US or other non-UK holders to exercise such pre-emption rights or, if available, that the Company will utilise any such exemption.

The rights of holders of the New Ordinary Shares are governed by English law.

Rights afforded to shareholders under English law differ in certain respects from the rights of shareholders in typical US companies. The rights of holders of the New Ordinary Shares are governed by English law and the Articles.

In particular, English law currently limits significantly the circumstances under which the shareholders of English companies may bring derivative actions. Under English law, in most cases, only the Company may be the proper plaintiff for the purposes of maintaining proceedings in respect of wrongful acts committed against it and, generally, neither an individual shareholder, nor any group of shareholders, has any right of action in such circumstances. In addition, English law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a US company.

Shareholders may be unable to enforce judgments obtained in US courts.

The Company is incorporated and registered in England and Wales, under the Companies Act 2006. Service of process upon the Directors and the officers of the Company, the majority of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, since most of the directly owned assets of the Company and the Directors are located outside the United States, any judgment obtained in the United States against it or them may not be enforceable outside of the United States, including without limitation judgments based upon the civil liability provisions of the US federal securities laws or the laws of any state or territory within the United States. In addition, an award or awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in the United Kingdom. Investors may also have difficulties enforcing, in original actions brought in courts in jurisdictions outside the United States, liabilities under US securities laws.

PART III
SELECTED FINANCIAL INFORMATION

Selected consolidated statement of comprehensive income

	For the year ended 30 September			For the six months ended 31 March	
	2018	2019	2020	2020	2021
	<i>£m</i> <i>(audited)</i>	<i>£m</i> <i>(audited)</i>	<i>£m</i> <i>(audited)</i>	<i>£m</i> <i>(unaudited)</i>	<i>£m</i> <i>(audited)</i>
Revenue	117.4	151.4	208.7	96.0	140.7
Cost of sales	(70.7)	(89.6)	(116.7)	(55.2)	(71.7)
Gross profit	46.7	61.8	92.0	40.8	69.0
Administrative expenses	(44.2)	(52.1)	(68.2)	(33.1)	(54.4)
Other operating income	–	0.1	0.2	–	–
Operating profit	2.5	9.8	24.0	7.7	14.6
Finance costs	(0.2)	(0.2)	(0.3)	(0.1)	(0.1)
Profit before tax	2.3	9.6	23.7	7.6	14.5
Income tax expense	(0.4)	(1.8)	(4.0)	(1.3)	(2.9)
Profit for financial period	1.9	7.8	19.7	6.3	11.6

There are no items to be recognised in the statement of comprehensive income and hence, the Group has not presented a separate statement of other comprehensive income.

Selected consolidated statement of financial position

	As at 30 September			As at 31 March	
	2018	2019	2020	2020	2021
	£m (audited)	£m (audited)	£m (audited)	£m (unaudited)	£m (audited)
Non-current assets					
Intangible assets	1.4	1.8	2.5	2.1	2.5
Property, plant and equipment	0.8	0.5	0.8	0.5	1.7
Right-of-use assets	3.8	3.5	6.0	3.2	5.7
Deferred Tax asset	–	–	–	–	0.9
	6.0	5.8	9.3	5.8	10.8
Current assets					
Inventories	11.2	18.3	23.0	18.2	26.0
Trade and other receivables	3.7	5.2	10.0	10.3	9.4
Tax recoverable	0.3	–	2.3	–	1.7
Cash and cash equivalents	0.6	2.7	10.5	4.7	22.3
	15.8	26.2	45.8	33.2	59.4
Total assets	21.8	32.0	55.1	39.0	70.2
Equity attributable to the owners of the company					
Share capital	–	–	–	–	–
Share-based payments reserve	–	–	–	–	2.8
Retained earnings	(1.5)	2.8	13.0	9.1	22.0
Total equity	(1.5)	2.8	13.0	9.1	24.8
Non-current liabilities					
Lease liability	3.6	3.3	5.7	3.0	5.5
Deferred tax liability	0.1	–	0.1	–	0.2
	3.7	3.3	5.8	3.0	5.7
Current liabilities					
Trade and other payables	16.2	21.2	28.1	22.4	29.7
Contract liabilities	2.8	3.8	7.3	3.0	8.5
Derivative financial instruments	–	–	–	–	0.6
Lease liabilities	0.5	0.5	0.7	0.5	0.7
Provisions	0.1	0.1	0.2	0.2	0.2
Corporation tax	–	0.3	–	0.8	–
	19.6	25.9	36.3	26.9	39.7
Total liabilities	23.3	29.2	42.1	29.9	45.4
Total equity and liabilities	21.8	32.0	55.1	39.0	70.2

Selected consolidated statement of cash flows

	For the year ended 30 September			For the six months ended 31 March	
	2018	2019	2020	2020	2021
	£m (audited)	£m (audited)	£m (audited)	£m (unaudited)	£m (audited)
Cash flows from operating activities					
Cash generated from operating activities before exceptional operating items	5.5	9.8	30.9	9.3	19.5
Cash flows from exceptional operating items	–	–	–	–	(0.1)
Cash generated from operating activities	5.5	9.8	30.9	9.3	19.4
Income tax paid	(1.2)	(1.3)	(6.5)	(0.8)	(2.8)
Net cash generated from operating activities	4.3	8.5	24.4	8.5	16.6
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	0.3	–	–	–	–
Purchase of intangible assets (note 15)	(1.0)	(1.3)	(2.0)	(0.9)	(0.8)
Purchase of property, plant and equipment (note 16)	(0.5)	(0.1)	(0.6)	(0.1)	(1.1)
Cash used in investing activities	(1.2)	(1.4)	(2.6)	(1.0)	(1.9)
Cash flows from financing activities					
Dividends paid	(3.0)	(3.5)	(9.5)	–	(2.9)
Amounts received/(paid) in respect of related party loans	0.3	(0.9)	(3.8)	(5.1)	0.5
Payment of interest portion of lease liabilities	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)
Payment of principal portion of lease liabilities	(0.4)	(0.4)	(0.5)	(0.3)	(0.4)
Net cash used in financing activities	(3.3)	(5.0)	(14.0)	(5.5)	(2.9)
Net (decrease)/increase in cash and cash equivalents	(0.2)	2.1	7.8	2.0	11.8
Cash and cash equivalents at beginning of year	0.8	0.6	2.7	2.7	10.5
Cash and cash equivalents at the end of the period	0.6	2.7	10.5	4.7	22.3
Cash and cash equivalents at the end of the period comprise:					
Cash at bank and in hand	0.6	2.7	10.5	4.7	22.3

Non-IFRS Financial and Operating Data

The following measures are used by the Group's management to monitor and manage financial and operational performance. Certain of these measures are Non-IFRS Measures that are not calculated in accordance with IFRS. For more information regarding Non-IFRS measures, see "Presentation of Financial and Other Information – Non-IFRS Information"

	For the year ended 30 September			For the six months ended 31 March	
	2018	2019	2020	2020	2021
Total orders ('000) ⁽¹⁾	474	573	776	345	486
Active customers ('000) ⁽²⁾	361	422	565	265	367
Average purchase frequency ⁽³⁾	1.3	1.4	1.4	1.3	1.3
Repeat customers (%) ⁽⁴⁾	31%	35%	37%	37%	31%
Average order value (£) ⁽⁵⁾	248	264	269	278	289
Revenue (£m) ⁽⁶⁾	117.4	151.4	208.7	96.0	140.7
Gross profit (£m) ⁽⁶⁾	46.7	61.8	92.0	40.8	69.0
Gross profit margin (%)	40%	41%	44%	43%	49%
Marketing as a % of Revenue ⁽⁷⁾	30%	27%	25%	27%	27%
Adjusted EBITDA ⁽⁸⁾	4.0	11.5	26.2	8.8	20.1
Adjusted EBITDA margin (%)	3%	8%	13%	9%	14%
Operating cash conversion (%) ⁽⁹⁾	93%	68%	105%	90%	85%

(1) Total orders are defined as the total number of orders dispatched to customers in the period.

(2) Active customers are defined as the number of unique customers who made a purchase in the period.

(3) Average purchase frequency is defined as total orders divided by active customers in the period.

(4) Repeat customers is defined as the revenue in the period that is generated by customers who have purchased from Victorian Plumbing in the past divided by total revenue in the period, expressed as a percentage.

(5) Average order value is defined as total revenue divided by total orders in the period.

(6) These figures have been audited with the exception of the figures for the six months ended 31 March 2020.

(7) Marketing as a percentage of revenue is defined as marketing spend divided by total revenue for the period.

(8) Adjusted EBITDA is defined as operating profit for the period before depreciation and amortisation less exceptional items and IFRS 2 charges in respect of share-based payments along with associated national insurance.

(9) Operating cash conversion is defined as Cash generated from operations before taxation less capital expenditure and cash outflows in relation to operating leases. A reconciliation from Adjusted EBITDA for the year to operating cash conversion for each of the periods presented, see "Selected Information – Non-IFRS Financial and Operating Data".

The following table provides a reconciliation from operating profit to Adjusted EBITDA for the year for each of the periods presented:

	For the year ended 30 September			For the six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
Operating profit	2.5	9.8	24.0	7.7	14.6
Depreciation on property, plant and equipment	0.3	0.4	0.3	0.2	0.2
Depreciation on right of use assets	0.5	0.4	0.6	0.3	0.4
Amortisation of intangible assets	0.7	0.9	1.3	0.6	0.8
Exceptional items	–	–	–	–	0.6
Share-based payments (including associated NI)	–	–	–	–	3.5
Adjusted EBITDA	4.0	11.5	26.2	8.8	20.1

	For the year ended 30 September			For the six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
Profit before tax	2.3	9.6	23.7	7.6	14.5
Adjustments for Profit on the sale of fixed assets	(0.1)	–	–	–	–
Finance costs	0.2	0.2	0.3	0.1	0.1
D&A	1.5	1.7	2.2	1.1	1.4
Share based payments	–	–	–	–	2.8
(Increase)/decrease in inventory	(1.0)	(7.1)	(4.7)	0.1	(3.0)
(Increase)/decrease in receivables	2.1	(0.6)	(1.0)	–	0.1
Increase/(decrease) in payables	2.0	6.0	10.3	0.3	3.5
Increase/(decrease) in provisions	(1.5)	–	0.1	0.1	–
Cash generated from operations	5.5	9.8	30.9	9.3	19.4
Capital expenditure	(1.5)	(1.4)	(2.6)	(1.0)	(1.9)
Sale of fixed assets	0.3	–	–	–	–
Lease payments – principal	(0.4)	(0.4)	(0.5)	(0.3)	(0.4)
Lease payments – interest	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)
Operating cash flow	3.7	7.8	27.6	7.9	17.0
Adjusted EBITDA	4.0	11.5	26.2	8.8	20.1
Operating cash conversion	93%	68%	105%	90%	85%

PART IV

OPERATING AND FINANCIAL REVIEW

The following is a discussion of the Group's financial condition and results of operations as at and for each of the years ended 30 September 2018, 2019 and 2020 and for each six month period ended on 31 March 2020 (unaudited) and 31 March 2021. This discussion should be read in conjunction with the selected historical consolidated financial information included herein and the consolidated financial statements, including the notes thereto.

The financial information as at and for each of the three years ended 30 September 2018, 2019 and 2020 and for each six month period ended on 31 March 2020 (unaudited) and 31 March 2021 has been prepared in accordance with IFRS and their interpretations approved by the International Accounting Standards Board (IASB) as adopted by the EU.

This discussion contains forward looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, please refer to the section headed "Forward looking statements" in the part titled "Important Information" of this document. Investors should also read Part II of this document for a discussion of certain factors that may affect the Group's business, financial condition and results of operations.

1. Overview

Victorian Plumbing is a digitally native retailer of bathroom products and accessories, offering a wide range of over 24,000 products to B2C and trade customers. The Group has grown rapidly in recent years and is now the UK's leading online specialist bathroom brand by revenue in 2020 (*source: Mintel*) and the second largest retailer of bathroom products in the UK with an estimated 14.2 per cent of the bathroom market by revenue in 2020. Its website provides a high quality and user-friendly experience for both B2C and trade customers, offering a one-stop shop solution for the entire bathroom with more than 125 brands across a wide spectrum of price points.

The Directors believe that the Group's product offering is the largest available on the market. Its portfolio of over 20 own brands is complemented by high quality and established third party brands. It has an established track record of identifying, designing and launching product lines that resonate with its customers and drive incremental revenue growth alongside the Group's existing product portfolio. An experienced in-house product development, design and sourcing team ensures the sourcing of new product lines is streamlined, with the average product line taking approximately six months from design to final product. The Group's often long-standing relationships with its suppliers enables it to control stock levels in anticipation of increasing consumer demand and maintain delivery times. Sales of Victorian Plumbing's own brand portfolio, comprising over 20 brands, generated approximately 75 per cent of revenue at a significantly higher Gross profit margin than third party brands (49 per cent vs. 30 per cent, respectively) in the financial year ended 30 September 2020.

The Group's product design and supply chain strengths are complemented by its creative and brand-focused marketing strategy. Its marketing activities are undertaken by a dedicated in-house team, which predominantly focus on online channels to drive significant and growing traffic to its website (with an average of more than 2.3 million unique visitors per month based on the 12 months ended 31 March 2021). The Group collects customer browsing data from the website and related search terms to adjust its pay-per-click marketing strategy on an ongoing basis. Digital marketing is further complemented through offline campaigns, such as celebrity-focused television adverts or targeted email marketing campaigns.

Victorian Plumbing's operating model is supported by a bespoke, scalable ecommerce platform and warehouse management system linking orders, stock, purchasing and delivery across the Group. This is supported by an experienced internal IT team responsible for continuous development and improvement of this customised software, which drives insights across marketing, product and customer service functions.

Headquartered in Skelmersdale, Lancashire, the Group has grown significantly in recent years and has demonstrated a track record of strong and profitable growth. It has three offices, one retail showroom and four warehouse sites with 534 FTEs at 30 April 2021. The Group's multi-site warehousing operations provide more than 500,000 sq. ft. of storage capacity and enable it to operate on a flexible, 24/7 basis to maximise

operational efficiencies. In the three-year financial period to 30 September 2020, the Group grew its revenue from £117.4 million to £208.7 million, a CAGR of 33 per cent and its Adjusted EBITDA from £4.0 million to £26.2 million, a CAGR of 156 per cent. The Group has demonstrated further growth during the six month period ending 31 March 2021, delivering revenue of £140.7 million and EBITDA of £20.1 million, representing growth of 47 per cent and 128 per cent, respectively, compared to the six month period ending 31 March 2020.

The Group has one reportable and operating segment being the Group.

2. Key Performance Indicators

The following measures are used by the Group's management to monitor and manage financial and operational performance. Certain of these measures are Non-IFRS Measures that are not calculated in accordance with IFRS. For more information regarding the Non-IFRS Measures, see "Important Information – Non-IFRS Measures" and for a reconciliation of Non-IFRS Measures to the nearest IFRS line item see "Selected Financial Information – Non-IFRS Financial and Operating Data".

	For the year ended 30 September			For the six months ended 31 March	
	2018	2019	2020	2020	2021
Total orders ('000) ⁽¹⁾	474	573	776	345	486
Average order value (£) ⁽²⁾	248	264	269	278	289
Revenue (£m) ⁽³⁾	117.4	151.4	208.7	96.0	140.7
Gross profit ⁽³⁾	46.7	61.8	92.0	40.8	69.0
Gross profit margin (%)	40%	41%	44%	43%	49%
Marketing as a % of Revenue (%) ⁽⁴⁾	30%	27%	25%	27%	27%
Adjusted EBITDA (£'000) ⁽⁵⁾	4.0	11.5	26.2	8.8	20.1
Adjusted EBITDA margin (%)	3%	8%	13%	9%	14%
Profit Before Tax ("PBT") (£m) ⁽³⁾	2.3	9.6	23.7	7.6	14.5
Operating cash conversion (%) ⁽⁶⁾	93%	68%	105%	90%	85%

(1) Total orders is defined as the total number of orders dispatched to customers in that period.

(2) Average order value is defined as revenue divided by the number of dispatched orders in the period.

(3) These figures have been audited with the exception of the figures for the six months ended 31 March 2020.

(4) Marketing as a percentage of revenue is defined as marketing spend divided by total revenue in the period.

(5) For the definition of Adjusted EBITDA and its reconciliation from operating profit for each of the periods presented, see "Selected Financial Information – Non-IFRS Financial and Operating Data".

(6) For the definition of Operating cash conversion and its reconciliation from Adjusted EBITDA for each of the periods presented, see "Selected Financial Information – Non-IFRS Financial and Operating Data".

The Directors use these performance indicators to monitor the Group's performance from period to period and to assist in the operational management of the business. Other companies may calculate these or similar measures differently and as such these indicators may not be comparable with other companies.

3. Key factors affecting the Group's operations

The Group has a well-established business model which consists of providing consumers with a brand they can trust, a wide range of products to choose from and superior customer experience.

As these elements are now well-established, the Group's focus is to grow the total number of orders serviced by the Group. This is primarily achieved by growing the active customer base through attracting new customers using an effective and efficient marketing strategy and re-engaging with customers that have previously purchased from the Group. As the Group's marketing strategy to date has largely focused on driving new customers to the platform, Management believe a focused strategy on re-engaging with existing or previous customers presents a further opportunity to drive revenue growth going forward.

Average order value is also a key performance indicator for the Group. This is impacted by demand for the Group's products and therefore its ability to increase prices. The ability to adjust prices when necessary allows the Group to maintain and grow its gross margin where underlying product costs increase.

Factors impacting the Group's ability to grow its active customer base, total orders and average order value are therefore considered to be critical to the performance of the Group. The factors discussed below have impacted the Group's results of operations for the periods presented in this document or are likely to impact the Group's results of operations in the future.

Revenue

The Group's revenue is driven by the total number of orders and the average order value.

	For the year ended 30 September			For the six months ended 31 March	
	2018	2019	2020	2020	2021
Total orders ('000) ⁽¹⁾	474	573	776	345	486
Active customers ('000) ⁽²⁾	361	422	565	265	367
Repeat customers (%) ⁽³⁾	31%	35%	37%	37%	31%
Average purchase frequency ⁽⁴⁾	1.3	1.4	1.4	1.3	1.3
Average order value (£) ⁽⁵⁾	248	264	269	278	289

(1) Total orders is defined as the total number of orders dispatched to customers in the period.

(2) Active customers is defined as the number of unique customers which made a purchase in the period.

(3) Repeat customers is defined as the revenue in the period that is generated by customers who have purchased from Victorian Plumbing in the past divided by total revenue in the period, expressed as a percentage.

(4) Average purchase frequency is defined as total orders divided by active customers in the period.

(5) Average order value is defined as total revenue divided by total orders in the period.

Total orders

The number of orders is driven by the number of active customers and by average purchase frequency. Throughout the period under review, the Group has consistently increased the number of orders reflecting growth driven by the continued acquisition of new customers and, to a lesser extent, an increasing amount of repeat business.

Total orders increased by 35 per cent to 776 thousand, for the year ended 30 September 2020 compared to 573 thousand for the year ended 30 September 2019. Total orders increased by 21 per cent to 573 thousand for the year ended 30 September 2019 compared to 474 thousand for the year ended 30 September 2018. In the six months ended 31 March 2021 the total number of orders increased by 41 per cent to 486 thousand compared to 345 thousand for the six months ended 31 March 2020.

Active customers

The Group defines active customers as the number of unique customers who placed an order in the period and includes new customers as well as repeating customers who have purchased from the Group in the past (discussed in further detail below). During the period under review, growth in the number of active customers has been the primary reason for growth in total orders.

The number of active customers increased by 34 per cent to 565 thousand in the year ended 30 September 2020 compared to 422 thousand for the year ended 30 September 2019. The number of active customers increased by 17 per cent to 422 thousand in the year ended 30 September 2019 compared to 361 thousand for the year ended 30 September 2018. In the six months ended 31 March 2021 the number of active customers increased by 38 per cent to 367 thousand compared to 265 thousand for the six months ended 31 March 2020.

As online channels continue to grow rapidly in this market, acquiring audience remains the Group's primary focus. The Group operates a creative, brand focused marketing strategy that focuses on building trust with consumers. This approach to marketing has resulted in consistent growth in the number of visitors to the

Group's website. The Group's extensive product offering, which includes many of its own exclusive brands, and attentive customer service increases the likelihood that these visitors go on to place an order.

During the period under review, the Group has increased its marketing spend to attract visitors to its website. The majority of this spend is on performance based pay-per-click products that drive consumers direct to the website. This increase in marketing spend had a direct effect on the number of active customers and the total number of orders. Any significant reduction in this marketing spend could result in a reduced number of active customers.

Repeat customers

Customer retention is important to the Group. However, given the nature of products sold, purchases are less frequent and it can take some time for a customer to return for their second purchase which highlights the importance to the Group of providing the customer with a satisfying and superior purchasing journey compared to that of its competitors.

Repeat customers are defined as the portion of revenues in a given period that result from customers which have purchased from the Group in the past⁽¹⁾. Revenues from repeat customers was 37 per cent in the year ended 30 September 2020, 35 per cent in the year ended 30 September 2019 and 31 per cent in the year ended 30 September 2018. This consistent increase in repeat customers has been largely driven by Victorian Plumbing's brand-focused marketing strategy and effective use of digital marketing channels, its breadth in brands and products offered on the website and enhancing the customer journey to drive strong customer satisfaction rates. The Group has focused on attracting new customers to the website in the past and intends to implement dedicated re-engagement strategies going forward to continue to drive growth in orders from repeat customers.

Average purchase frequency

The average purchase frequency is defined as the number of orders per active customer in each period. The products offered by the Group are specialist products and often of higher value. As such, consumers take time to make a considered purchase on a less frequent basis.

The average purchase frequency for the year ended 30 September 2020 was 1.4 times compared to 1.4 times in the year ended 30 September 2019 and 1.3 times in the year ended 30 September 2018. In the six months ended 31 March 2021 the average order frequency was consistent with the six months ended 31 March 2020 at 1.3 times. The increase in order frequency results from an increase in brand awareness leading to an increasing proportion of repeat customers for the financial year ended 30 September 2020 compared to the financial years ended 30 September 2018 and 2019. The year ended 30 September 2020 was also impacted by the Covid-19 pandemic which accelerated the shift to purchasing online through the second half of the financial year.

Average order value

Average order value is calculated by dividing total revenue by the total number of orders dispatched. The average order value increased by 2 per cent to £269 in the year ended 30 September 2020 compared to £264 for the year ended 30 September 2019. The average order value increased by 6 per cent to £264 in the year ended 30 September 2019 compared to £248 for the year ended 30 September 2018. In the six months ended 31 March 2021 the average order value has increased by 4 per cent to £289 compared to £278 for the six months ended 31 March 2020.

This consistent increase in average order value has materialised primarily from increasing prices of products by applying a dynamic pricing strategy which adjusts prices based on product demand. The Group has also developed a wide product range to ensure consumers can purchase the full basket of products for their bathroom from its website.

Note (1): This includes customers that first provided an email address and / or other contact information when first purchasing from the Group in the past ten years or more.

The impact of Covid-19

During the second half of the year ended 30 September 2020 and for the six months ended 31 March 2021, the Group experienced increased levels of active customers and an increase in average order value, due in part to an acceleration in customer behaviour online as a result of the impact of Covid-19 and related lockdowns.

The lockdown restrictions put in place by the government benefited the online specialists within the UK bathroom market overall, with growth in market share by online specialists increasing to 29 per cent in 2020 from 27 per cent in 2019. The Group accounted for much of the growth in this sector as a result of how it capitalised on opportunities that were presented to it during this time.

In the early days of the pandemic however, from late March to May 2020, the Group was, like the majority of businesses, adversely impacted by the uncertainty created by Covid-19. A sharp drop in the level of consumer demand, disruption to supply chains and quick adaptations required to the ways staff were working were the immediate challenges for the Group during this time.

The immediate priority for the Group during this time was to protect its employees. Measures were put in place to allow warehouse staff to operate in a safe, Covid-secure way. Other teams, including customer service, purchasing, technology and marketing began working from home until such time that it was safe to return to an office environment.

The Group experienced a sharp drop in the number of visitors to its platform in March and April 2020. This reduction in traffic resulted in a reduction in the number of orders placed by consumers. There was also a reduction in the number of queries being received by the customer service teams.

Given the level of uncertainty around how long this reduced level of activity would last, and as the need for our demand based teams had reduced, the Group used the Coronavirus Job Retention Scheme ('CJRS') and furloughed around 20 per cent of its employees in April 2020. During May and June 2020 as activity increased, staff returned to work. Subsequently, in December 2020 the Group repaid all amounts claimed under the CJRS.

As the level of consumer demand increased, it quickly became apparent that demand for the Group's products was going to exceed pre-March 2020 levels. In order to capitalise on this opportunity management took actions to ensure that consumer needs, including products being available for immediate delivery to the consumer, could be met.

Management were able to leverage the Group's agile supply chain, underpinned by its long-standing supplier relationships, to act quickly in securing stock. Risks of stock shortages were also reduced as the Group was able to leverage its breadth of brand and product offering to provide substitutes to consumers where supply was harder to obtain or was delayed.

The depth of supply chain relationships also allowed the Group's product team to manage supply effectively during periods of significant consumer demand, including increasing supply of own brand products, particularly during periods where lockdown restrictions were in place across most parts of the UK. Where potential product shortages were identified, the product team were able to replace these with, or direct traffic on the website to, similar products from available ranges – further leveraging the brand and product depth that sets Victorian Plumbing apart from a number of its competitors.

Victorian Plumbing was able to maintain marketing spend to continue driving unique visitors to the website and, given the wide range of products still available, it could provide what the consumer required to place an order.

The focus on maintaining the largest choice of available products for consumers and the approach to marketing during this time were the primary reasons for Victorian Plumbing outperforming other online specialists in terms of market share growth during 2020.

Although the Group managed to provide a large amount choice to customers throughout the impacted periods, the level of customer service it could offer its customers came under pressure in the early stages of the pandemic. A change to home working for our customer service team, reduced employee attendance as a direct result of the pandemic and a greater volume of queries from the increase in visitors and customers resulted in a short term decline to the Group's service levels. Over the subsequent months operational

efficiency and the level of customer service resource increased and Victorian Plumbing's Trustpilot score has returned to levels in line with those seen before the pandemic.

There remains some uncertainty as to the impact on customer acquisition and revenue growth following the lifting of restrictions, or whether the customer cohort acquired in the last twelve months to 31 March 2021 will behave differently than those acquired before Covid-19. As such it is possible there will be some moderation of active customer and revenue growth in the short term. However, while the bathroom products and accessories market still remains largely offline, it is the Directors' view that the Covid-19 pandemic only accelerated the transition to online and that continued growth of the online market should be expected in future years.

Changes in the costs of products and transportation

The Group purchases products for resale primarily from the UK and China. Over the period under review the Group has been able to reflect any increases in the price of sourcing products in the retail price supported by strong consumer demand, conserving gross margin without having any material adverse impact on the volume of products sold as current demand is high. Fluctuations in the prices of product, often caused by changes in prices to raw materials, could result in increased cost of sales and gross margin dilution in periods of lower customer demand.

The Group currently purchases circa 50 per cent of its products in USD and therefore is exposed to changes in the USD to pound sterling rate. This proportion is expected to be maintained.

Changes in the composition of sales between its own brands and third party brands

The Group retails products from its own stable of brands in addition to third party brands. The Group generates a higher level of gross margin from its own branded products (49 per cent gross margin in the year ended 30 September 2020) compared to third-party brands (30 per cent gross margin in the year ended 30 September 2020).

During the periods under review the Group has seen a slow but consistent increase in the proportion of revenue generated from its own brands compared to that of third party brands. In the years ended 30 September 2020, 2019 and 2018 own brand revenue as a percentage of total revenue was 75 per cent, 73 per cent and 71 per cent, respectively. In the six months ended 31 March 2021 and 2020 own brand revenue as a percentage of total revenue was 76 per cent and 75 per cent, respectively.

Any significant change to this sales mix could have a material impact to the profitability of the Group.

Macro-economic conditions in the UK Bathroom and Home Improvement markets

All of the Group's operations are in the UK and accordingly, the Group's revenue is derived almost entirely from UK customers. As a result, the Group's business, results of operations and financial condition have been, and are expected to be, affected by general economic conditions in the UK, including GDP growth, unemployment levels and disposable income.

The UK's bathroom products and accessories market is estimated by Mintel to be worth over £1.4 billion (including VAT) in sales in 2020 and has shown growth in recent years with a CAGR of approximately 3 per cent since 2015. Online specialists have taken the largest share of this expanding market since 2015, growing from 16 per cent share of spend in the UK bathroom products and accessories market to 29 per cent in 2020.

This market is part of the far larger UK market for domestic repair, maintenance and improvement projects that was estimated to generate a total value of approximately £26.6 billion to the overall UK economy in 2020. Growth in the UK home improvement market has been, and the Directors expect that it will continue to be, supported by long-term structural drivers that include continuing population growth, the gradual trend of urbanisation, stable home ownership (supported by government initiatives), resilient household disposable income levels and ageing housing stock which are more likely to require repair and maintenance expenditure.

Customers continue to be passionate about improving their homes, and current market trends and demand indicators are positive. In particular, the Covid-19 crisis has established longer-term trends that are clearly supportive for the bathroom products and accessories market. Customers are placing a greater focus on

improving comfort and wellness at home, resulting in a larger share of their income being allocated to spend on the home.

During the Covid-19 crisis there has also been an emergence of a younger generation of 'DIY'ers', where interest, new skills and enthusiasm for DIY has grown considerably. While this accelerated trend is still emerging, it is encouraging and enables the Group to capture a broader range of customer segments.

In the coming years, the UK home improvement market is expected to exceed historical growth rates, although the pace and timing will depend on a number of factors that impact the macroeconomic environment and activity in the housing and home improvement markets. Consumer confidence levels and housing transactions were also impacted by the result of the 2016 UK referendum to leave the European Union. Following the referendum, the UK political and economic environment has been characterised by periods of uncertainty that influenced various economic and housing indicators, which have led to periods of low wage inflation and declines in consumer spending that have created challenges in the UK home improvement market. As a result, housing transactions and home prices in certain regions of the United Kingdom experienced significant volatility in the years following the 2016 referendum, before showing signs of stabilising during the course of 2019 and periods of growth in 2020.

Competition

The Group operates in a highly competitive market, comprised of large, national DIY retailers, store-based bathroom specialist retailers (some of which also have online offerings), a variety of independent specialists and pure play online specialists. The Group's strategy is to grow consumer awareness and trust in the Group's brand by offering the widest product choice and the best customer service. The Group partners with over 100 well known third party brands and has also developed more than 20 of its own branded product ranges to meet consumer needs. If other competitors, including DIY retailers and store-based bathroom specialist retailers, were to invest heavily to offer more product choice through their online channel and increase their brand awareness it could have a negative impact on the Group's performance. This could also be said for the large online marketplaces, some of which have a limited bathroom products and accessories offering. While some of these marketplaces do have substantial resources, they are generalists and do not provide a comparable quality of customer proposition or journey when shopping for a full basket of bathroom products to that offered by Victorian Plumbing. The Directors believe customers want to be inspired by designs and be able to pick from a full range of products at a wide range of price points to satisfy their bathroom needs.

The Group has an in-house marketing team that focuses on creating bold and memorable advertising campaigns to increase brand awareness, including celebrity-focused television campaigns at strategic times during the year to help drive new customers to the website. The Group also allocates substantial marketing spend to pay-per-click performance based marketing to capture new potential customers, the cost of which is impacted by competitor demand for specific search terms. While it would take significant marketing spend to build brand awareness and be competitive with Victorian Plumbing in digital channels, as more offline retailers transition to retailing online the cost of acquiring new customers may increase reducing the operating leverage of the Group.

Seasonal fluctuations

The Groups results of operations are subject to some seasonal fluctuations across the year. In general, the Group's activity levels are at their lowest in December at which point home renovations slow down over the Christmas period. Activity levels in January are often strong to compensate. Levels of activity also reduce somewhat over the summer months as periods of good weather often result in reduced online purchasing. As a result of these seasonal fluctuations, comparison of the Group's operating performance over any interim periods may not be meaningful.

Warehouse infrastructure

Over 45 per cent of purchases are made from China and so there is significant lead time between the Group ordering product and it being received in the UK. As such, the Group holds good levels of inventory so that customer orders can be dispatched promptly without the risk of having products being unavailable.

Products held for resale by the Group are often large in size and delicate in nature and so the Group closely manages its warehousing infrastructure. The Group uses a multi-site warehousing model to store inventory,

with all sites being in close proximity. It is envisaged that as the volume of orders grows more warehousing space may be required. Any increase in space needed is likely to be available in close proximity to the existing sites. The Group has considered the possibility of adding a new warehouse during the financial year ending 30 September 2022 which, if it were to be a similar size to warehouses brought online in recent years, would likely cost an additional £1.0 million in capital expenditure to fit out. In addition, should demand and order levels require it, the Directors have also considered the potential for a ‘supershed’ warehouse project in the medium to longer term. Failure to manage warehouse space efficiently, or secure additional space when needed, may impact the Group’s ability to provide excellent customer service leading to a reduced number of orders which would have an adverse impact on the Group’s financial results.

Further detail on capital expenditure is contained within section 6 of Part IV “*Operating and Financial Review*”.

4. Results of operations for the years ended 30 September 2018, 2019 and 2020 and for the six months ended 31 March 2020 and 2021

The table below presents selected financial information from the Historical Financial Information presented elsewhere in this document.

	For the year ended 30 September			For the six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m (unaudited)	£m
Revenue	117.4	151.4	208.7	96.0	140.7
Cost of sales	(70.7)	(89.6)	(116.7)	(55.2)	(71.7)
Gross profit	46.7	61.8	92.0	40.8	69.0
Administrative expenses	(44.2)	(52.1)	(68.2)	(33.1)	(54.4)
Other operating income	–	0.1	0.2	–	–
Operating profit	2.5	9.8	24.0	7.7	14.6
Net finance costs	(0.2)	(0.2)	(0.3)	(0.1)	(0.1)
Profit before tax	2.3	9.6	23.7	7.6	14.5
Income tax expense	(0.4)	(1.8)	(4.0)	(1.3)	(2.9)
Profit after tax	1.9	7.8	19.7	6.3	11.6

Explanation of income statement line items

Revenue

The Group derives revenue from contracts with customers relating to sales of bathroom furniture and accessories. Revenue is recognised from the sale of goods when the Group has satisfied its performance obligation by transferring control of the promised goods to the customer. Control is usually transferred to the customer on delivery of the bathroom furniture or accessories to the customer’s location. Revenue is measured at the transaction price, which is determined based on the price specified in the underlying contract or order, after considering the impact of expected returns.

See notes to the financial statements of “*Historical Financial Information*” in Part VI of this document for the Group’s accounting policies on revenue and deferred income recognised as a contract liability.

Cost of sales

Cost of sales includes all direct costs incurred in purchasing products for resale along with packaging, distribution and transaction costs.

Administrative expenses

Administrative expenses consist primarily of the following:

- marketing costs which relate to brand advertising, including TV and outdoor, and performance based pay-per-click spend;
- staff costs for the Group's employees including bonuses and share-based payments;
- contractor and agency costs;
- other administrative expenses such as costs associated with supporting the Group's property and IT infrastructure, travel, recruitment and training; and
- depreciation expense related to property, plant and equipment and the Group's right-of-use assets; and
- amortisation expense relating to the Group's software and development costs.

Other operating income

Other operating income comprises of income generated from marketing products on behalf of third party brands. Other operating income also includes amounts relating to the Coronavirus Job Retention Scheme.

Net finance costs

Finance costs primarily relate to interest on lease arrangements recognized under IFRS 16. The Group leases property, plant and equipment on long term arrangements to support its operations.

Income tax expense

Tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Results of operations

The following discussion and analysis of the Group's results of operations for years ended 30 September 2018, 2019 and 2020 and the six month periods ended 31 March 2020 and 31 March 2021 is based on the *Historical Financial Information* in Part VI of this document.

Six months ended 31 March 2021 compared to the six months ended 31 March 2020

	For the six months ended 31 March		
	2020	2021	% change
	£m	£m	
	<i>(unaudited)</i>		
Revenue	96.0	140.7	47%
Cost of sales	(55.2)	(71.7)	30%
Gross profit	40.8	69.0	69%
Administrative expenses	(33.1)	(54.4)	64%
Other operating income	–	–	–
Operating profit	7.7	14.6	90%
Net finance costs	(0.1)	(0.1)	–
Profit before tax	7.6	14.5	91%
Income tax expense	(1.3)	(2.9)	123%
Profit after tax	6.3	11.6	84%

Revenue

In the six months ended 31 March 2021, revenue increased by 47 per cent to £140.7 million compared to £96.0 million for the six months ended 31 March 2020.

Growth in revenue between the two periods resulted from an increase in both total orders and the average order value. In the six months ended 31 March 2021 the total number of orders increased by 41 per cent to 486 thousand compared to 345 thousand for the six months ended 31 March 2020. The average order value increased by 4 per cent to £289 for the six months ended 31 March 2021 compared to £278 for the six months ended 31 March 2020.

The Covid-19 pandemic impacted consumer behaviour in the UK from the end of March 2020 and therefore the six month period ended 31 March 2020 was largely unimpacted. In contrast, the six month period ended 31 March 2021 has been impacted by changes in consumer buying behaviour resulting from lockdown restrictions linked to the pandemic. The Group expects that year-on-year growth in total orders and average order value have been positively impacted by these changes in consumer buying behaviour. Furthermore, increased demand coupled with limited supply in the market allowed the Group to increase prices for a proportion of our own brand products during the second half of FY20 and this continued through the six months ended 31 March 2021.

Cost of sales

In the six months ended 31 March 2021, cost of sales increased by 30 per cent to £71.7 million compared to £55.2 million for the six months ended 31 March 2020. The primary reason for the increase was continued revenue growth with a corresponding increase in the costs of sales.

Cost of sales per order were £148 in the six months ended 31 March 2021 compared to £160 for the six months ended 31 March 2020. The reduction in costs of sales resulted from the Group's continued focus on the supply chain and a further shift from third-party branded products to own branded products.

Gross profit

For the reasons stated above, gross profit increased by 69 per cent to £69.0 million for the six months ended 31 March 2021 from £40.8 million for the six months ended 31 March 2020.

Administrative expenses

Administrative expenses for the six months ended 31 March 2021 increased by 64 per cent to £54.4 million compared to £33.1 million for the six months ended 31 March 2020.

The majority of the increase was in marketing spend which increased by £12.6 million to £38.4 million in the six months ended 31 March 2021 from £25.8 million in the six months ended 31 March 2020. Marketing costs as a percentage of revenue was consistent at 27 per cent in both periods. Marketing spend as a percentage of revenue is marginally weighted towards the first half of the year, covering the traditional January sales period.

Employment costs excluding share-based payments but including costs relating to agency staff and contractors increased by £2.4 million to £6.6 million for the six months ended 31 March 2021 compared to £4.2 million for the six months ended 31 March 2020. This was mostly as a result of an increased number of FTEs in demand-based roles relating to customer service and warehouse operations. Office related costs excluding IFRS 16 lease costs increased to £2.1 million in the six months ended 31 March 2021 from £1.2 million for the six months ended 31 March 2020. The majority of this increase was as a result of the Group increasing its warehouse capacity on a short-term basis. Other overheads increased by £1.0 million to £1.8 million in the six months end 31 March from £0.8 million in the six months ended 31 March 2020. Depreciation and amortisation increased by £0.3 million to £1.4 million in the six months ended 31 March 2021 from £1.1 million for the six months ended 31 March 2020.

The six months ended 31 March 2021 included a £3.5 million charge for share-based payments (six months ended 31 March 2020: £nil) and £0.6 million of exceptional costs relating to the proposed IPO (six months ended 31 March 2020: £nil).

Operating profit

For the reasons above, Operating profit for the six months ended 31 March 2021 increased by 90 per cent to £14.6 million compared to £7.7 million the six months ended 31 March 2020.

Net finance costs

Net finance costs for the six months ended 31 March 2021 were constant at £0.1 million compared to the six months ended 31 March 2020. Finance costs relate primarily to interest on lease liabilities for warehouses and forklift trucks.

Income tax expense

The effective tax rate for the six months ended 31 March 2021 was 20 per cent compared to an effective tax rate of 17 per cent for the six months ended 31 March 2020.

Profit after tax

In the six months ended 31 March 2021, profit after tax for the period increased by 84 per cent to £11.6 million compared to £6.3 million for the six months ended 31 March 2020.

Results of operations

Year ended 30 September 2020 compared to the year ended 30 September 2019

	For the year ended 30 September		% change
	2019	2020	
	£m	£m	
Revenue	151.4	208.7	38%
Cost of sales	(89.6)	(116.7)	30%
Gross profit	61.8	92.0	49%
Administrative expenses	(52.1)	(68.2)	31%
Other operating income	0.1	0.2	100%
Operating profit	9.8	24.0	145%
Net finance costs	(0.2)	(0.3)	50%
Profit before tax	9.6	23.7	147%
Income tax expense	(1.8)	(4.0)	122%
Profit after tax	7.8	19.7	153%

Revenue

Revenue increased by 38 per cent to £208.7 million, for the year ended 30 September 2020 compared to £151.4 million for the year ended 30 September 2019. The increase in revenue was driven by an increase in total orders and an increase in average order value. Total orders increased by 35 per cent to 776 thousand, for the year ended 30 September 2020 compared to 573 thousand for the year ended 30 September 2019. The average order value increased by 2 per cent to £269 in the year ended 30 September 2020 compared to £264 for the year ended 30 September 2019.

The Covid-19 pandemic impacted consumer behaviour in the UK from the end of March 2020 and therefore had an impact on the year ended 30 September 2020. Lockdown restrictions put in place materially altered consumer buying behaviour and has accelerated the shift to online purchasing. Following the first lockdown restrictions being announced in late March 2020 the Group experienced a sharp drop off in unique visitors to its platform resulting in a decreased number of orders. The number of unique visitors steadily increased over April 2020 and May 2020 as consumer confidence returned and from June 2020 onwards the Group had growth in the number of unique visitors compared to the previous year.

Despite the reduced levels of revenue generated during the early part of the pandemic, the Group believes that year-on-year growth in total orders and average order value were positively impacted by the changes in consumer buying behaviour that occurred as a result of Covid-19. Furthermore, increased demand coupled with limited supply in the market allowed the Group to increase prices for a proportion of own brand products.

Cost of sales

In the year ended 30 September 2020, cost of sales increased by 30 per cent to £116.7 million compared to £89.6 million for the year ended 30 September 2019. The primary reason for the increase was continued revenue growth with a corresponding increase in the costs of sales.

Cost of sales per order were £150 for the year ended 30 September 2020 compared to £156 for the year ended 30 September 2019.

Gross profit

For the reasons stated above, gross profit increased by 49 per cent to £92.0 million for the year ended 30 September 2020 from £61.8 million for the year ended 30 September 2019.

Administrative expenses

Administrative expenses for the year ended 30 September 2020 increased by 31 per cent to £68.2 million compared to £52.1 million for the year ended 30 September 2019.

The majority of the increase was in marketing spend which increased by £11.4 million to £52.2 million for the year ended 30 September 2020 from 40.8 million for the year ended 30 September 2019 but reduced to 25 per cent of revenue for the year ended 30 September 2020 compared to 27 per cent for the year ended 30 September 2019. Employment costs excluding share-based payments but including costs relating to agency staff and contractors increased by £2.2 million to £9.4 million for the year ended 30 September 2020 from £7.2 million for the year ended 30 September 2019. This increase was predominantly as a result of an increased number of FTEs in demand based roles relating to customer service and warehouse operations. Office related costs excluding IFRS 16 lease costs increased by £1.6 million to £2.6 million in the year ended 30 September 2020 compared to £1.0 million in the year ended 30 September 2019 as the Group secured flexible warehouse space to manage short term disruption caused by Covid-19. Other overheads increased by £0.4 million to £1.8 million in the year ended 30 September 2020 from £1.4 million in the year ended 30 September 2019. Depreciation and amortisation increased by £0.5 million to £2.2 million in the year ended 30 September 2020 compared to £1.7 million in the year ended 30 September 2019.

Operating profit

For the reasons above, Operating profit for the year ended 30 September 2020 increased by 145 per cent to £24.0 million compared to £9.8 million the year ended 30 September 2019.

Net finance costs

Net finance costs for the year ended 30 September 2020 were £0.3 million compared to £0.2 million in the year ended 30 September 2019. Finance costs relate primarily to interest on lease liabilities with the increase primarily the result of an additional property lease for warehouse space.

Income tax expense

The effective tax rate for the year ended 30 September 2020 was 17 per cent compared to an effective tax rate of 19 per cent for the year ended 30 September 2019. The variance in effective tax rates between the two periods is primarily due to the amount of R&D allowances claimed in the year ended 2020 in relation to the ongoing development of the Group's bespoke software and platform. Some of these allowances were claimed as a prior year adjustment to the year ended 30 September 2019.

Profit after tax

In the year ended 30 September 2020, profit after tax for the year increased by 153 per cent to 19.7 million compared to £7.8 million for the year ended 30 September 2019.

Results of operations

Year ended 30 September 2019 compared to the year ended 30 September 2018

	For the year ended 30 September		% change
	2018	2019	
	£m	£m	
Revenue	117.4	151.4	29%
Cost of sales	(70.7)	(89.6)	27%
Gross profit	46.7	61.8	32%
Administrative expenses	(44.2)	(52.1)	18%
Other operating income	–	0.1	–
Operating profit	2.5	9.8	292%
Net finance costs	(0.2)	(0.2)	–
Profit before tax	2.3	9.6	317%
Income tax expense	(0.4)	(1.8)	350%
Profit after tax	1.9	7.8	311%

Revenue

Revenue increased by 29 per cent to £151.4 million, for the year ended 30 September 2019 compared to £117.4 million for the year ended 30 September 2018.

The increase in revenue was driven by an increase in total orders and an increase in average order value. Total orders increased by 21 per cent to 573 thousand, for the year ended 30 September 2019 compared to 474 thousand for the year ended 30 September 2018. The average order value increased by 6 per cent to £264 in the year ended 30 September 2019 compared to £248 for the year ended 30 September 2018.

The primary reason for the growth in total orders was an increase in the number of unique visitors to the Group's website resulting from increased brand awareness, an increase in pay-per-click marketing and an ongoing shift of consumer buying towards online specialists. The growth in total orders in the year ended 30 September 2019 was also flattered by a lower comparable summer period in the year ended 30 September 2018 as the UK experienced a very hot summer period as well as lower order volumes during the FIFA World Cup.

Cost of sales

In the year ended 30 September 2019, cost of sales increased by 27 per cent to £89.6 million compared to £70.7 million for the year ended 30 September 2018. The primary reason for the increase was continued revenue growth with a corresponding increase in the costs of sales with underlying raw material, carriage and distribution costs remaining largely consistent.

Cost of sales per order were £156 for the year ended 30 September 2019 compared to £149 for the year ended 30 September 2018.

Gross profit

For the reasons stated above, gross profit increased by 32 per cent to £61.8 million for the year ended 30 September 2019 from £46.7 million for the year ended 30 September 2018.

Administrative expenses

Administrative expenses for the year ended 30 September 2019 increased by 18 per cent to £52.1 million compared to £44.2 million for the year ended 30 September 2018. The majority of the increase was in marketing spend which increased by £6.0 million to £40.8 million in the year ended 30 September 2019 from £34.8 million for the year ended 30 September 2018. Marketing costs reduced to 27 per cent of revenue for the year ended 30 September 2019 compared to 30 per cent for the year ended

30 September 2018. The increased efficiency in marketing was in part due to an increased conversion rate from unique visitor to order. Employment costs excluding share-based payments but including costs relating to agency staff and contractors increased by £1.4 million to £7.2 million the year ended mostly as a result of an increased number of FTEs in demand based roles relating to customer service and warehouse operations. Office related costs excluding IFRS 16 lease costs remained consistent at £1.0 million for the year ended 30 September 2019 compared to £1.0 million in the year ended 30 September 2018. Other costs increased by £0.3 million to £1.4 million in the year ended 30 September 2019 from £1.1 million in the year ended 30 September 2018. Depreciation and amortisation increased by £0.2 million to £1.7 million in the year ended 30 September 2019 compared to £1.5 million in the year ended 30 September 2018.

Operating profit

For the reasons above, Operating profit for the year ended 30 September 2019 increased by 292 per cent to £9.8 million compared to £2.5 million the year ended 30 September 2018.

Net finance costs

Net finance costs for the year ended 30 September 2019 were £0.2 million compared to £0.2 million in the year ended 30 September 2018.

Income tax expense

The effective tax rate for the year ended 30 September 2019 was 19 per cent compared to an effective tax rate of 17 per cent for the year ended 30 September 2018. The variance in rate was as a result of the financial year ended 30 September 2018 including a £0.1 million reduction in tax relating to a prior year adjustment. The effective tax rate of 19 per cent for the year is in line with the standard rate of tax for the UK.

Profit after tax

In the year ended 30 September 2019, profit after tax for the year increased by 311 per cent to £7.8 million compared to £1.9 million for the year ended 30 September 2018.

Adjusted EBITDA

The Directors use Adjusted EBITDA to understand the earnings trends of the Group as it is considered the most meaningful measure under which to assess the true operating performance of the Group. Adjusted EBITDA is a Non-IFRS Measure and is defined as Operating profit before depreciation, amortization, exceptional items and IFRS 2 share-based payments along with associated national insurance. A reconciliation of Operating profit to Adjusted EBITDA is set out below.

	For the year ended 30 September			For the six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m (unaudited)	£m
Operating profit	2.5	9.8	24.0	7.7	14.6
Depreciation of property, plant and equipment	0.3	0.4	0.3	0.2	0.2
Depreciation of right-of-use assets	0.5	0.4	0.6	0.3	0.4
Amortisation of intangible assets	0.7	0.9	1.3	0.6	0.8
Share-based payments ⁽¹⁾	–	–	–	–	3.5
Exceptional items	–	–	–	–	0.6
Adjusted EBITDA	4.0	11.5	26.2	8.8	20.1
Adjusted EBITDA margin (%)	3%	8%	13%	9%	14%

(1) including associated national insurance contributions.

In the six months ended 31 March 2021, Adjusted EBITDA increased by 128 per cent to £20.1 million compared to £8.8 million for the six months ended 31 March 2020.

Adjusted EBITDA increased by 128 per cent to £26.2 million, for the year ended 30 September 2020 compared to £11.5 million for the year ended 30 September 2019. The increase of £14.7 million in Adjusted EBITDA represented a 49 per cent flow through from the increase in gross profit (from the increases in marketing, employment and other costs) over the same period.

Adjusted EBITDA increased by 188 per cent to £11.5 million for the year ended 30 September 2019 compared to £4.0 million for the year ended 30 September 2018. The increase of £7.5 million in Adjusted EBITDA represented a 50 per cent flow through from the increase in gross profit over the same period.

Adjusted EBITDA margin for the year ended 30 September 2020 was 13 per cent, an increase of 5 percentage points from the year ended 30 September 2019 in which Adjusted EBITDA margin was 8 per cent. Adjusted EBITDA margin for the year ended 30 September 2019 was 8 per cent, an increase of 5 percentage points from the year ended 30 September 2018 in which Adjusted EBITDA margin was 3 per cent. Adjusted EBITDA margin for the six months ended 31 March 2021 was 14 per cent, an increase of 5 percentage points from the six months ended 31 March 2020 in which the Adjusted EBITDA margin was 9 per cent.

5. Liquidity and capital resources

The Group primarily finances its operations through cash from operations and the Group seeks to maintain a conservative working capital position by investing cash from operations back into the business, including through purchasing additional inventory. The Group regularly monitors its liquidity position, including cash flows and capital expenditure.

Cash flow analysis for the years ended 30 September 2018, 2019 and 2020 and the six months ended 31 March 2020 and 2021

The Group has generated net cash from operating activities during each of the periods under review. The following table summarises the principal components of the Group's consolidated cash flows for the periods indicated.

	For the year ended 30 September			For the six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m (unaudited)	£m
Net cash generated from operating activities	4.3	8.5	24.4	8.5	16.6
Net cash used in investing activities	(1.2)	(1.4)	(2.6)	(1.0)	(1.9)
Net cash used in financing activities	(3.3)	(5.0)	(14.0)	(5.5)	(2.9)
Net (decrease) / increase in cash and cash equivalents	(0.2)	2.1	7.8	2.0	11.8
Cash and cash equivalents at the end of the period	0.6	2.7	10.5	4.7	22.3

Net cash inflows from operating activities

For the years ended 30 September 2020, 2019 and 2018, net cash inflow from operating activities was £24.4 million, £8.5 million and £4.3 million, respectively.

For the six months ended 31 March 2021 and 30 March 2020, net cash inflow from operating activities was £16.6 million and £8.5 million, respectively. Changes in net working capital resulted in a net cash inflow of £0.6 million in the six months ended 31 March 2021 and a net cash inflow of £0.5 million in the six months ended 31 March 2020.

Changes in net working capital resulted in a net cash inflow of £4.7 million in the year ended 30 September 2020; a net cash outflow of £1.7 million in the year ended 30 September 2019 and a net cash inflow of £1.6 million in the year ended 30 September 2018.

The Group has a negative working capital cycle which helps to fund operations. Customers pay for products at the point which they place an order which means in the majority of cases cash has been received before the product is dispatched. The increase in order volumes during the periods under review has resulted in increases in inventory held. The impact of these increases on working capital has been offset by increases in trade payables.

Net cash used in investing activities

For the years ended 30 September 2020, 2019 and 2018, net cash used in investing activities was £2.6 million, £1.4 million and £1.2 million, respectively. For the six months ended 31 March 2021 and 30 March 2020, net cash used in investing activities was £1.9 million and £1.0 million, respectively.

Cash used in investing activities relates primarily to the purchase of software and capitalised development costs relating to the Group's platform.

Net cash used in financing activities

For the years ended 30 September 2020, 2019 and 2018, net cash used in financing activities was £14.0 million, £5.0 million and £3.3 million, respectively. For the six months ended 31 March 2021 and 30 March 2020, net cash used in financing activities were £2.9 million and £5.5 million, respectively.

The Group paid dividends of £9.5 million, £3.5 million and £3.0 million in the years ended 30 September 2020, 30 September 2019 and 30 September 2018 respectively. In the six months ended 31 March 2021 dividends of £2.9 million were paid.

Through the period under review, the Group provided loans to directors and to Radcliffe Property Management Ltd, a related party. Amounts received as repayments of these loans, and amounts paid in respect of loan drawdowns are considered to be cash flows from financing activities. In the year ended 30 September 2018 the Group received £0.3 million in respect of loans to related parties. In the years ended 30 September 2019 and 2020 the Group paid net amounts of £0.9 million and £3.8 million respectively in respect of related party loans. In the six months ended 31 March 2020 the Group paid £5.1 million as related party loans. In the six months ended 31 March 2021 £0.5 million was repaid in respect of related party loans.

Remaining financing cash outflows relate to lease liabilities.

6. Capital expenditure

The following table presents the Group's expenditure on capitalised intangible assets relating to software and capital expenditures for each of the periods indicated.

	For the year ended 30 September			For the six months ended 31 March	
	2018	2019	2020	2020	2021
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Expenditure on capitalised intangible assets ⁽¹⁾	(1.0)	(1.3)	(2.0)	(0.9)	(0.8)
Other capital expenditure ⁽²⁾	(0.5)	(0.1)	(0.6)	(0.1)	(1.1)
Total	(1.5)	(1.4)	(2.6)	(1.0)	(1.9)

(1) Represents the Group's expenditure on internally generated assets related to the Group's platforms which are capitalised as a result of meeting the recognition criteria of IAS 38 Intangible Assets.

(2) Represents expenditure for warehouse equipment and fixtures and fittings as well as office and employee equipment.

7. Indebtedness

The following table presents total borrowings as at the dates indicated.

	For the year ended 30 September			For the six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(unaudited)	
Current	0.5	0.5	0.7	0.5	0.7
Lease liabilities	0.5	0.5	0.7	0.5	0.7
Non-current	3.6	3.3	5.7	3.0	5.5
Lease liabilities	3.6	3.3	5.7	3.0	5.5
Total borrowings	<u>4.1</u>	<u>3.8</u>	<u>6.4</u>	<u>3.5</u>	<u>6.2</u>

On Admission, the Group will have access to a committed revolving credit facility of £10.0 million with a termination date of June 2024. Interest on the RCF is charged at SONIA plus a margin of between 2.3 per cent and 2.8 per cent depending on the consolidated leverage of the Group. A commitment fee of 40 per cent of the margin applicable to the RCF is payable quarterly in arrears on unutilised amounts of the new RCF. There is no requirement to settle all, or part, of the debt earlier than the termination date.

8. Related Party Transactions

Radcliffe Property Management

Radcliffe Property Management Limited ('RPM') is considered a related party as this is a company which has a common director and the same majority shareholder. During the periods under review, the Group has provided loans to RPM. In addition, RPM has leased warehouse and office space to the Group on an arms length basis.

The following amounts show transactions and balances with Radcliffe Property Management Limited:

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(unaudited)	
Amounts owed to the Group by RPM, included within related parties	1.2	2.0	5.9	2.2	5.4
Amounts owed by the Group to RPM, included within trade and other payables	(0.2)	–	–	(0.1)	(0.1)
Lease payments made by the Group	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.1</u>	<u>0.3</u>

In addition, in the year to 30 September 2018, the Group disposed of a property with a net book value of £0.3 million for proceeds of £0.3 million.

Amounts outstanding with RPM at each reporting date were interest free, unsecured and repayable on demand. On 11 May 2021 RPM repaid the loan outstanding totalling £5.4 million. The Group will continue to lease warehouses from RPM until at least the termination date of each lease agreement.

A bank loan in Radcliffe Property Management Limited provided by HSBC was secured by a multilateral guarantee between the Group and Radcliffe Property Management Limited; Radcliffe Property Management Limited being the beneficiary. The bank loan was repaid in full on 13 September 2018 at which point HSBC's interest in the aforementioned security item expired and it was instructed for release.

Loans to Directors

During the period under review the Group has provided loans to Directors. The table below shows amounts owed to the Group by Directors at each reporting date along with interest accrued over each financial period.

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m (unaudited)	£m
Owed to the Group					
M Radcliffe	–	0.1	–	4.9	–
N Radcliffe	–	–	–	0.1	–
Interest paid by the Group to:					
M Radcliffe	–	–	0.1	–	–

9. Off-balance sheet arrangements

The Group did not have any material off-balance sheet arrangements as at 31 March 2021.

10. Contractual commitments

The following table details the Group's remaining contractual maturity for its financial liabilities at 31 March 2021 based on undiscounted contractual payments:

	Within a year	1 to 5 years	Over 5 years	Total
	£m	£m	£m	£m
Financial liabilities				
Trade payables	19.4	–	–	19.4
Refund liability	1.2	–	–	1.2
Other creditors	0.9	–	–	0.9
Accruals	1.4	–	–	1.4
Lease liabilities	1.2	3.0	3.8	8.0
Total	24.1	3.0	3.8	30.9

11. Quantitative and Qualitative Disclosures about Market Risks

For a description of the Group's management of market, credit, foreign exchange and liquidity risks, see *Note 23 of Part IV – "Historical Financial Information"*.

12. Critical accounting policies, estimates and judgements

For a description of the Group's critical accounting policies judgements and key sources of estimation uncertainty, see *Note 2 and Note 3 of Section B of "Historical Financial Information"*.

PART V

TAXATION

1. United Kingdom Taxation

1.1 General

Prospective Shareholders should be aware that the tax legislation of the investor's jurisdiction and/or the tax legislation of the United Kingdom may have an impact on the income received from the Ordinary Shares. Prospective Shareholders who are in any doubt as to their tax position should seek independent professional advice on the potential tax consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their jurisdiction and/or state of citizenship, domicile or residence.

The following paragraphs are intended as a general guide only for the beneficial owners of Ordinary Shares who are resident in the United Kingdom for tax purposes.

Any prospective subscriber for, or purchaser of, Ordinary Shares who is in any doubt about his or her tax position or who is subject to taxation in a jurisdiction other than the United Kingdom should consult his or her own professional adviser immediately.

The statements do not constitute tax advice and are intended only as a general guide. Furthermore, this information applies only to Ordinary Shares that are held as capital assets and does not apply to all categories of Shareholders, such as dealers in securities, trustees, insurance companies, collective investment schemes or shareholders who have, or who are deemed to have, acquired their shares by virtue of an office or employment. Furthermore, the following paragraphs do not apply to:

- (a) potential investors who intend to acquire Ordinary Shares as part of a tax avoidance arrangement or otherwise with a purpose of avoiding tax; or
- (b) persons with special tax treatment such as pension funds or charities.

This summary is not exhaustive and Shareholders and investors should consult their own tax advisers as to the tax consequences in the United Kingdom or other relevant jurisdictions of this offering, including the acquisition, ownership and disposition of Ordinary Shares.

Unless otherwise stated, the information in these paragraphs is based on current tax law and published tax authority practice in the United Kingdom as at the date of this Admission Document. Prospective Shareholders should note that tax law and interpretation can change (potentially with retrospective effect) and that, in particular, the rates, basis of, and reliefs from, taxation may change. Such changes may alter the tax treatment of an investment in the Company.

1.2 The Company

It is expected that the Company will be subject to UK corporation tax at a rate of (currently) 19 per cent (and, if the Finance (No. 2) Bill 2019-21 is enacted in its current form, increasing to 25 per cent with effect from 1 April 2023) on income and gains less relief for allowable expenses and losses, subject to the availability of certain exemptions.

1.3 Shareholders

Taxation of dividends

UK resident and domiciled or deemed domiciled individual shareholders

Individual Shareholders have the benefit of an annual dividend allowance of £2,000 (for the fiscal year ending 5 April 2022, "**2021/2022**") (the "**Nil Rate Amount**"), meaning that they will pay no UK income tax on the first £2,000 of dividend income received in the 2021/2022 tax year.

Dividend income in excess of this allowance (taking account of any other dividend income received by the Shareholder in the same tax year) will be taxed at the following rates for 2021/2022: 7.5 per cent

to the extent that it falls below the threshold for higher rate income tax; 32.5 per cent to the extent that it falls above the threshold for higher rate income tax and below the additional rate band; and 38.1 per cent to the extent that it falls above the threshold for the additional rate band.

For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the Nil Rate Amount count towards an individual's basic and higher rate limits for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

Corporate shareholders within the charge to UK corporation tax

Shareholders within the charge to UK corporation tax which are "small companies" for the purposes of the UK taxation of dividends legislation, will not generally be subject to UK tax on dividends from the Company.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on dividends from the Company, provided the dividends fall within an exempt class and certain conditions are met. Most dividends received by corporate Shareholders should fall within an exempt class. Examples of dividends that fall within exempt classes include dividends paid on shares that are non-redeemable ordinary shares, and dividends paid to a person holding less than 10 per cent of the issued share capital of the Company and who would be entitled to less than 10 per cent of the profits or assets of the Company available for distribution.

However, the exemptions are not comprehensive and are subject to anti-avoidance rules and other conditions. If the conditions for exemption are not met, a Shareholder within the charge to corporation tax will be subject to UK corporation tax on dividends received from the Company (currently at 19 per cent and, if the Finance (No. 2) Bill 2019-21 is enacted in its current form, increasing to 25 per cent with effect from 1 April 2023). Such Shareholders should seek independent advice with respect to their tax position.

Withholding tax

Under current United Kingdom tax legislation, no tax is withheld from dividends paid by the Company to Shareholders.

Taxation of Capital Gains

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

UK resident individual Shareholders

Where an individual Shareholder who is tax resident in the UK disposes of Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds (taking into account any other taxable gains realised in that tax year) the annual exemption (£12,300 for 2021/2022), and after taking account of any capital losses or exemptions available to the individual.

For such individuals, capital gains tax will be charged at 10 per cent (to the extent the gains, when aggregated with the Shareholder's taxable income for the tax year, fall within the basic rate band) or 20 per cent (to the extent the gain, when aggregated with the Shareholder's taxable income for the year, falls within the higher or additional rate band).

Where an individual Shareholder who is resident in the UK disposes of Ordinary Shares at a loss, the loss should be available to offset against other current year gains or carried forward to offset against future gains.

UK resident corporate Shareholders

A disposal of all or any of the Ordinary Shares by UK resident Shareholders or Shareholders who carry on a trade in the UK through a branch, agency or permanent establishment, and whose investment in the Company is used for the purposes of the branch, agency or permanent establishment give rise to a chargeable gain (or allowable loss), 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 (currently 19 per cent, and, if the Finance (No. 2) Bill 2019-21 is enacted in its current form, increasing to 25 per cent with effect from 1 April 2023, as stated above).

Inheritance Tax

The Ordinary Shares will be assets situated in the United Kingdom for the purposes of United Kingdom inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to United Kingdom inheritance tax, even if the holder is neither domiciled in the United Kingdom nor deemed to be domiciled there (under certain rules relating to long residence or previous domicile).

Generally, United Kingdom inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift, and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold Ordinary Shares, bringing the trustees of settlements or (as applicable) the participators in close companies within the charge to inheritance tax.

Holders of Ordinary Shares should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any Ordinary Shares through such a company or trust arrangement, or in a situation where there is potential for a charge both to United Kingdom inheritance tax and to a similar tax in another jurisdiction, or if they are in any doubt about their United Kingdom inheritance tax position.

1.4 **Stamp duty and stamp duty reserve tax (“SDRT”)**

No UK stamp duty or SDRT will be generally payable on the issue of Ordinary Shares. AIM qualifies as a recognised growth market for the purposes of the UK stamp duty and SDRT legislation. Accordingly, for so long as the Ordinary Shares are admitted to trading on AIM and are not listed on any other market no charge to UK stamp duty or SDRT should arise on their subsequent transfer. If the Ordinary Shares cease to qualify for this exemption their transfer on sale will be subject to stamp duty and/or SDRT (generally at the rate of 0.5 per cent of the consideration although there can be a higher rate at 1.5 per cent for certain transfers and also subject to a de minimis threshold for stamp duty), although special rules apply in respect of certain transfers including transfers to market intermediaries, transfers into clearance services or depositary receipt services. There is also a deemed market value rule that can apply for certain transfers to a connected person if either the securities are listed or there is consideration provided by way of a share issuance. The statements in this paragraph apply to any holders of Ordinary Shares irrespective of their residence, and are a summary of the current position and are intended to be a general guide to the current stamp duty and SDRT position. Shareholders in any doubt about their position should seek appropriate tax advice.

2. **United States Taxation**

2.1 **US Federal Income Taxation**

The following discussion is a general summary based on present law of certain US federal income tax considerations relevant to the ownership and disposition of Placing Shares. This discussion is not a complete description of all tax considerations that may be relevant to a prospective investor; it is not a substitute for tax advice. It applies only to US Holders (as defined below) that purchase Placing Shares in the Placing, will hold Placing Shares as capital assets and use the US dollar as their functional currency. This discussion does not describe all of the tax considerations that may be relevant in light of the US Holder’s particular circumstances, including tax consequences applicable to US Holders subject to special rules, such as banks or other financial institutions, insurance companies, tax-exempt entities, dealers, traders in securities that elect to mark-to-market, regulated investment companies, real estate investment trusts, partnerships and other pass-through entities (including S-corporations) and investors therein, US expatriates, persons that directly, indirectly or constructively own 10 per cent or more of the total combined voting power of the Ordinary Shares or of the total value of the Company’s equity interests, investors that will hold Placing Shares in connection with a permanent establishment or fixed base outside the United States, or investors that will hold Placing Shares as part of a hedge, straddle, conversion, constructive sale or other integrated financial transaction. This

summary also does not address the alternative minimum tax or US federal taxes other than the income tax (such as the Medicare surtax on net investment income or estate or gift taxes) or US state and local, or non-US tax laws or considerations.

As used in this section, “US Holder” means a beneficial owner of Placing Shares that is, for US federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation, or other entity taxable as a corporation, created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust subject to the control of one or more US persons and the primary supervision of a US court; or (iv) an estate the income of which is subject to US federal income taxation regardless of its source.

The US federal income tax treatment of a partner in a partnership (or other entity or arrangement treated as a partnership for US federal income tax purposes) that holds Placing Shares generally will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their own tax advisors regarding the specific US federal income tax consequences to them and their partners of the partnership’s acquisition, ownership and disposition of Placing Shares.

The Company believes that it was not a passive foreign investment company (“**PFIC**”) for US federal income tax purposes for its most recent taxable year ending 31 December 2020 and, based on the Company’s current assets and operations, the Company believes, and except as described below, the following discussion assumes, that the Company will not be a PFIC for its current taxable year ending 31 December 2021 or in the foreseeable future. The tests to determine whether a company is a PFIC are factual in nature and apply annually and a Company’s status can change depending, among other things, on changes in the composition and relative value of its gross receipts and assets, changes in its operations and changes and the market value of its stock. Accordingly, no assurance can be provided by the Company that it is not a PFIC and will not become a PFIC in any future taxable year.

2.2 **Dividends**

The gross amount of any distribution of cash or property with respect to the Placing Shares (including any amounts withheld by the Company in respect of non-US taxes) generally will be included in a US Holder’s gross income as ordinary income from foreign sources when actually or constructively received. Dividends will not be eligible for the dividends-received deduction generally available to US corporations. Dividends received by eligible non-corporate US Holders that satisfy a minimum holding period and certain other requirements generally will be taxed at the preferential rate applicable to qualified dividend income if the Company is eligible for benefits under the income tax treaty between the United States and the United Kingdom (the “Treaty”) and the Company is not a PFIC as to the US Holder in the Company’s taxable year of distribution or the preceding taxable year. Provided that the Company is treated as engaged in the active conduct of a trade or business within the United Kingdom for purposes of the Treaty, the Company expects that it will be considered eligible for benefits under the Treaty for purposes of the qualified dividend income rules.

Dividends paid in a currency other than US dollars will be included in income in a US dollar amount based on the exchange rate in effect on the date of receipt whether or not the currency is converted into US dollars or otherwise disposed of at that time. A US Holder’s tax basis in the non-US currency will equal the US dollar amount included in income. Any gain or loss realised on a subsequent conversion or other disposition of the non-US currency for a different US dollar amount generally will be US source ordinary income or loss. If dividends paid in a currency other than US dollars are converted into US dollars on the day they are received, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

2.3 **Dispositions**

A US Holder generally will recognise capital gain or loss on the sale or other disposition of Placing Shares in an amount equal to the difference between the US dollar value of the amount realised from the sale or other disposition and the US Holder’s adjusted tax basis in the disposed Placing Shares. Any gain or loss generally will be treated as arising from US sources and will be long-term capital gain or loss if the US Holder’s holding period exceeds one year. Long-term capital gains of US Holders who

are individuals (as well as certain trusts and estates) are generally taxed at preferential rates. Deductions for capital loss are subject to limitations.

The initial tax basis of a US Holder's Placing Shares generally will be the US dollar value of the non-US currency paid in the Placing determined on the date of purchase. If the Placing Shares are treated as traded on an "established securities market" at the time of the Placing, a cash basis US Holder (or, if it elects, an accrual basis US Holder) will determine the US dollar value of the cost of such Placing Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. A US Holder that receives a currency other than US dollars on the sale or other disposition of the Placing Shares will realise an amount equal to the US dollar value of the currency received at the spot rate on the date of sale or other disposition (or, if the Placing Shares are traded on an "established securities market" at the time of disposition, in the case of cash basis and electing accrual basis US Holders, the settlement date). A US Holder that does not determine the amount realised using the spot rate on the settlement date generally will recognise foreign currency gain or loss if the US dollar value of the currency received at the spot rate on the settlement date differs from the amount realised. A US Holder generally will have a tax basis in the currency received equal to its US dollar value at the spot rate on the settlement date. Any foreign currency gain or loss realised on the settlement date or on a subsequent conversion of the non-US currency for a different US dollar amount generally will be US source ordinary income or loss.

2.4 **Passive Foreign Investment Company Rules**

The Company believes that it was not classified as a PFIC for US federal income tax purposes for its most recent taxable year and, based on the composition of Company's current gross assets and income (including the income and assets of the Group) and the manner in which the Company expects the Group to operate its business in future years, the Company believes that it will not be a PFIC for its current taxable year ending 31 December 2021 or in the foreseeable future. In general, a non-US corporation will be a PFIC for any taxable year in which, taking into account a *pro rata* portion of the income and assets of 25 per cent or more owned subsidiaries, either (i) 75 per cent or more of its gross income is passive income, or (ii) 50 per cent or more of the average quarterly value of its assets are assets that produce, or are held for the production of, passive income or which do not produce income. For this purpose, passive income generally includes, among other things and subject to various exceptions, interest, dividends, rents, royalties and gains from the disposition of assets that produce passive income. Whether the Company is a PFIC is a factual determination made annually, and the Company's status could change depending among other things upon changes in the composition and relative value of its gross receipts and assets (including goodwill). Because the market value of the Company's assets may be determined in large part by the market price of the Placing Shares, which is likely to fluctuate after the Placing, no assurance can be given that the Company will not be a PFIC in the current year or in any future taxable year.

If the Company were a PFIC for any taxable year in which a US Holder holds Placing Shares, such US Holder will be subject to additional taxes on any excess distributions and any gain realised from the sale or other taxable disposition of Placing Shares (including certain pledges) regardless of whether the Company continues to be a PFIC (unless the Company ceases to be a PFIC and the US Holder makes a "deemed sale" election under the PFIC rules). A US Holder will have an excess distribution to the extent that distributions on Placing Shares during a taxable year exceed 125 per cent of the average amount received during the three preceding taxable years (or, if shorter, the US Holder's holding period). To compute the tax on excess distributions or any gain, (i) the excess distribution or gain is allocated ratably over the US Holder's holding period, (ii) the amount allocated to the current taxable year and any year before the Company became a PFIC is taxed as ordinary income in the current year and (iii) the amount allocated to other taxable years is taxed at the highest applicable marginal rate in effect for each year and an interest charge is imposed to recover the deemed benefit from the deferred payment of the tax attributable to each year.

If the Company were a PFIC with respect to a US Holder for any taxable year, the US Holder will be deemed to own shares in any entities in which the Company owns equity that are also PFICs ("**lower tier PFICs**"), and the US Holder may be subject to the tax consequences described above with respect to the shares of such lower tier PFIC the US Holder would be deemed to own.

A US Holder may be able to avoid some of the adverse impacts of the PFIC rules described above by electing to mark Placing Shares to market annually. The election is available only if the Placing Shares are considered “marketable stock”, which generally includes stock that is regularly traded in more than de minimis quantities on a qualifying exchange. If a US Holder makes the mark-to-market election, any gain from marking Placing Shares to market or from disposing of them would be ordinary income. Any loss from marking Placing Shares to market would be recognised only to the extent of unreversed gains previously included in income. Loss from marking Placing Shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of mark-to-market gains previously included in income. No assurance can be given that the Placing Shares will be traded in sufficient frequency and quantity to be considered “marketable stock” or whether the London Stock Exchange is or will continue to be considered a qualifying exchange for purposes of the PFIC mark-to-market election. In addition, because a mark to market election cannot be made for any lower tier PFICs that the Company may own, a US Holder generally will continue to be subject to the PFIC rules discussed above with respect to its indirect interest in any such lower-tier PFICs and, as a result, it is possible that any mark to market election with respect to the Placing Shares would be of limited benefit. A valid mark-to-market election cannot be revoked without the consent of the US Internal Revenue Service (“IRS”) unless the Placing Shares cease to be marketable stock.

In certain circumstances, a US equity holder in a PFIC may avoid some of the adverse impacts of the PFIC rules described above by making a “qualified electing fund” election to include in income its share of the corporation’s income on a current basis. However, a US Holder may make a qualified electing fund election with respect to the ordinary shares only if the Company agrees to furnish the US Holder annually with certain information. The Company does not intend to provide the information necessary for the US Holder to make a qualified electing fund election if the Company is classified as a PFIC. Therefore, a US Holder should assume that it will be unable to make a qualified electing fund election with respect to any of the Placing Shares were the Company to be or become a PFIC.

US Holders should consult their own tax advisors concerning the Company’s possible PFIC status and the consequences to them (including any annual information reporting requirements) if the Company were classified as a PFIC for any taxable year.

2.5 Information Reporting and Backup Withholding

Dividends on and proceeds from the sale or other disposition of Placing Shares may be reported to the IRS unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting. Any amount withheld may be credited against the holder’s US federal income tax liability subject to certain rules and limitations. US Holders should consult with their own tax advisors regarding the application of the US information reporting and backup withholding rules.

Certain non-corporate US Holders are required to report information with respect to Placing Shares not held through an account with a domestic financial institution to the IRS. US Holders that fail to report required information could become subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors about these and any other reporting obligations arising from their investment in Placing Shares.

US Holders may be required to file IRS Form 926 reporting the payment of the Placing Price for a Placing Share to the Company. Substantial penalties may be imposed upon a US Holder that fails to comply. Each US Holder should consult its own tax advisor as to the possible obligation to file IRS Form 926.

2.6 Information with Respect to Foreign Financial Assets

A US Holder that is an individual (and, to the extent provided in regulations, an entity) may be subject to certain reporting obligations with respect to Placing Shares if the aggregate value of these and certain other “specified foreign financial assets” exceeds certain thresholds. If required, this disclosure is made by filing IRS Form 8938 with the IRS. Significant penalties can apply if US Holders are required to make this disclosure and fail to do so. In addition, a US Holder should consider the possible obligation to annually file a FinCEN Report 114 (Report of Foreign Bank and Financial Accounts) as a result of holding Placing Shares. US Holders should consult with their own tax advisors regarding these and other reporting requirements that may apply to their acquisition of Placing Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE PLACING SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

PART VI

HISTORICAL FINANCIAL INFORMATION

Section A: Accountants' Report in respect of the Historical Financial Information

The Board of Directors
Victorian Plumbing Group plc
22 Grimrod Place
Skelmersdale
Lancashire
WN8 9UU

17 June 2021

Dear Ladies and Gentlemen

VIPSO Ltd

We report on the financial information of VIPSO Ltd for the years ended 30 September 2020, 2019 and 2018 and the six months ended 31 March 2021 (the "Financial Information") in section B of Part VI of the AIM admission document (the "Admission Document") dated 17 June 2021 of Victorian Plumbing Group plc.

This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

Save for any responsibility arising under Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Opinion on the Financial Information

In our opinion, the Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of VIPSO Ltd as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted in the United Kingdom.

Responsibilities

The Directors of Victorian Plumbing Group plc are responsible for preparing the Financial Information in accordance with International Financial Reporting Standards as adopted in the United Kingdom.

It is our responsibility to form an opinion on the Financial Information and to report our opinion to you.

Basis of Preparation

This Financial Information has been prepared for inclusion in the Admission Document of Victorian Plumbing Group plc on the basis of the accounting policies set out in note 2.1 of the Financial Information.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent in accordance with 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 Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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

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

Conclusions Relating to Going Concern

We have not identified a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on VIPSO Ltd's ability to continue as a going concern for a period of at least twelve months from the date of the Admission Document. We conclude that the Directors' use of the going concern basis of accounting in the preparation of the Financial Information is appropriate.

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 Admission Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Ernst & Young LLP

Section B: Historical Financial Information

Consolidated statement of comprehensive income

	Note	Years ended 30 September			Six months ended 31 March	
		2018	2019	2020	2020	2021
		£m	£m	£m	£m	£m
Revenue	5	117.4	151.4	208.7	96.0	140.7
Cost of sales		(70.7)	(89.6)	(116.7)	(55.2)	(71.7)
Gross profit		46.7	61.8	92.0	40.8	69.0
Administrative expenses		(44.2)	(52.1)	(68.2)	(33.1)	(54.4)
Other operating income	6	–	0.1	0.2	–	–
Operating profit	7	2.5	9.8	24.0	7.7	14.6
Finance costs	11	(0.2)	(0.2)	(0.3)	(0.1)	(0.1)
Profit before tax		2.3	9.6	23.7	7.6	14.5
Income tax expense	12	(0.4)	(1.8)	(4.0)	(1.3)	(2.9)
Profit for the period		1.9	7.8	19.7	6.3	11.6
Earnings per share (£)						
Basic	14	2,375	9,750	24,625	7,875	14,500
Diluted	14	2,375	9,750	24,625	7,875	14,356

All amounts relate to continuing operations.

There are no items to be recognised in the statement of comprehensive income and hence, the Group has not presented a separate statement of other comprehensive income.

Consolidated statement of financial position

	Note	Years ended 30 September			Six months ended 31 March	
		2018	2019	2020	2020	2021
		£m	£m	£m	£m (Unaudited)	£m
Non-current assets						
Intangible assets	15	1.4	1.8	2.5	2.1	2.5
Property, plant and equipment	16	0.8	0.5	0.8	0.5	1.7
Right-of-use assets	17	3.8	3.5	6.0	3.2	5.7
Deferred tax asset	24	–	–	–	–	0.9
		6.0	5.8	9.3	5.8	10.8
Current assets						
Inventories	18	11.2	18.3	23.0	18.2	26.0
Trade and other receivables	19	3.7	5.2	10.0	10.3	9.4
Tax recoverable		0.3	–	2.3	–	1.7
Cash and cash equivalents		0.6	2.7	10.5	4.7	22.3
		15.8	26.2	45.8	33.2	59.4
Total assets		21.8	32.0	55.1	39.0	70.2
Equity attributable to the owners of the company						
Share capital	26	–	–	–	–	–
Share-based payments reserve	27	–	–	–	–	2.8
Retained earnings	29	(1.5)	2.8	13.0	9.1	22.0
Total equity		(1.5)	2.8	13.0	9.1	24.8
Non-current liabilities						
Lease liabilities	22	3.6	3.3	5.7	3.0	5.5
Deferred tax liability	24	0.1	–	0.1	–	0.2
		3.7	3.3	5.8	3.0	5.7
Current liabilities						
Trade and other payables	20	16.2	21.2	28.1	22.4	29.7
Contract liabilities	21	2.8	3.8	7.3	3.0	8.5
Lease liabilities	22	0.5	0.5	0.7	0.5	0.7
Derivative financial instruments	23	–	–	–	–	0.6
Provisions	25	0.1	0.1	0.2	0.2	0.2
Corporation tax		–	0.3	–	0.8	–
		19.6	25.9	36.3	26.9	39.7
Total liabilities		23.3	29.2	42.1	29.9	45.4
Total equity and liabilities		21.8	32.0	55.1	39.0	70.2

Consolidated statement of changes in equity

		Share-based Share capital	payment reserve	Retained earnings	Total equity
	<i>Note</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Balance at 1 October 2017		–	–	(0.4)	(0.4)
Profit for the year		–	–	1.9	1.9
Dividends paid on ordinary shares	13	–	–	(3.0)	(3.0)
Balance at 30 September 2018		–	–	(1.5)	(1.5)
Profit for the year		–	–	7.8	7.8
Dividends paid on ordinary shares	13	–	–	(3.5)	(3.5)
Balance at 30 September 2019		–	–	2.8	2.8
Profit for the year		–	–	19.7	19.7
Dividends paid on ordinary shares	13	–	–	(9.5)	(9.5)
Balance at 30 September 2020		–	–	13.0	13.0

Consolidated statement of changes in equity

	Share capital	Share-based payment reserve	Retained earnings	Total equity
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
For the six months ended 31 March 2020:				
Balance at 1 October 2019	–	–	2.8	2.8
Profit for the period	–	–	6.3	6.3
Balance at 31 March 2020 (unaudited)	–	–	9.1	9.1
For the six months ended 31 March 2021:				
Balance at 1 October 2020	–	–	13.0	13.0
Profit for the period	–	–	11.6	11.6
Dividends paid on ordinary shares (note 13)	–	–	(2.9)	(2.9)
Tax impact on employee share schemes	–	–	0.3	0.3
IFRS2 share-based payment charges	–	2.8	–	2.8
Balance at 31 March 2021	–	2.8	22.0	24.8

Consolidated statement of cash flows

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
Cash flows from operating activities					
Cash generated from operating activities before exceptional operating items	5.5	9.8	30.9	9.3	19.5
Cash flows from exceptional operating items (note 8)	–	–	–		(0.1)
Cash generated from operating activities (note 28)	5.5	9.8	30.9	9.3	19.4
Income tax paid	(1.2)	(1.3)	(6.5)	(0.8)	(2.8)
Net cash generated from operating activities	4.3	8.5	24.4	8.5	16.6
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	0.3	–	–	–	–
Purchase of intangible assets (note 15)	(1.0)	(1.3)	(2.0)	(0.9)	(0.8)
Purchase of property, plant and equipment (note 16)	(0.5)	(0.1)	(0.6)	(0.1)	(1.1)
Cash used in investing activities	(1.2)	(1.4)	(2.6)	(1.0)	(1.9)
Cash flows from financing activities					
Dividends paid	(3.0)	(3.5)	(9.5)	–	(2.9)
Amounts received/(paid) in respect of related party loans	0.3	(0.9)	(3.8)	(5.1)	0.5
Payment of interest portion of lease liabilities	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)
Payment of principal portion of lease liabilities	(0.4)	(0.4)	(0.5)	(0.3)	(0.4)
Net cash used in financing activities	(3.3)	(5.0)	(14.0)	(5.5)	(2.9)
Net (decrease) / increase in cash and cash equivalents	(0.2)	2.1	7.8	2.0	11.8
Cash and cash equivalents at beginning of year	0.8	0.6	2.7	2.7	10.5
Cash and cash equivalents at the end of the period	0.6	2.7	10.5	4.7	22.3
Cash and cash equivalents at the end of the period comprise:					
Cash at bank and in hand	0.6	2.7	10.5	4.7	22.3

Notes to the financial statements

1. General information

VIPSO Ltd ('the company'), is a private company limited by shares, incorporated and domiciled in the United Kingdom. The address of the registered office is 22 Grimrod Place, Skelmersdale, England, WN8 9UU.

The historical financial information consolidates those of the company and its subsidiaries (together referred to as 'the Group').

The principal activity of the Group is online retailing of bathroom furniture and accessories.

2. Accounting policies

The principal accounting policies applied in the preparation of the historical financial information are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 *Basis of preparation of financial statements*

The historical financial information has been prepared in accordance with UK-adopted International Financial Reporting Standards ('IFRS'). The historical financial information is presented in pounds sterling and rounded to the nearest £0.1 million.

The consolidated financial statements of the Group for the three years ended 30 September 2020, 2019 and 2018 and six months ended 31 March 2021 and 2020 (the "historical financial information") has been prepared specifically for the purposes of this Admission document and in accordance with Schedule 2 of the AIM Rules for Companies.

This historical financial information does not constitute statutory accounts within the meaning of section 434(3) of the UK Companies Act 2006.

The preparation of historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated historical financial information are disclosed in note 3.

Basis of consolidation

The consolidated historical financial information presents the results of the company and its own subsidiaries as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The Group was created on 7 April 2020 when the company acquired Victorian Plumbing Ltd via a share-for-share exchange, to effect a Group reconstruction. The Group reconstruction is outside the scope of IFRS 3 and is considered to be a continuation of the Victorian Plumbing Ltd business. Consequently, the Victorian Plumbing Ltd.'s assets and liabilities are brought into the historical financial information at their book values (i.e. without adjustment to fair value). Also, Victorian Plumbing Ltd.'s results and cash flows have been brought into the historical financial statements from the beginning of the financial year in which the Group reconstruction occurred, and prior period information is presented on the same basis.

There is no difference between the nominal value of the shares issued by VIPSO Ltd and the share capital and capital reserves of Victorian Plumbing Ltd so no merger reserve has been recorded. No goodwill is recorded under continuation accounting.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;

- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Derivative financial instruments

Derivative financial instruments are used to manage the risks arising from changes in foreign currency exchange rates relating to the purchase of overseas products. Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement.

The fair value of derivative financial instrument is measured using quoted forward exchange rates.

2.2 **Going concern**

The Group's ability to continue as a going concern is dependent on maintaining adequate levels of resources to continue to operate for the foreseeable future. The directors have considered a number of risks applicable to the Group that may have an impact on the Group's ability to continue as a going concern. These risks include increased supplier costs and some uncertainty in customer demand.

When assessing the going concern of the Group, the directors have reviewed the year to date financial results, as well as detailed financial forecasts for the period up to 30 September 2022. The assumptions used in the financial forecasts are based on the group's historical performance and management's extensive experience of the industry. Taking into consideration the wider economic environment, the forecasts have been assessed and stress tested to ensure that a robust assessment of the group's working capital and cash requirements has been performed.

Operational and business impact of Covid-19

During the second half of the year ended 30 September 2020 and for the six months ended 31 March 2021, the Group experienced increased levels of active customers and an increase in average order value, due in part to an acceleration in the proportion of consumers buying online as a result of the impact of Covid-19 and related lockdowns. This benefited the online specialists within the UK bathroom market, leading to a growth in market share by online specialists.

As a result, the Group achieved strong double-digit growth in revenue and gross profit in the six months ended 31 March 2021 compared to the six months ended 31 March 2020.

The Group will continue to focus on increasing traffic to the website, its active customer base and subsequently the number of total orders during the going concern period.

Liquidity and financing position

At 31 March 2021, the Group held instantly accessible cash and cash equivalents of £22.3 million. Since 31 March the Group has paid a pre-IPO dividend of £12.0 million to its shareholders and received £5.4 million in relation to a related party loan which was owed to the Group at 31 March 2021.

On Admission the group will have access to a revolving credit facility of £10.0 million until the facility's termination date in June 2024. There is a sufficient level of liquidity/financing headroom post stress testing across the going concern forecast period to 30 September 2022, as outlined in more detail below.

Approach to stress testing

The going concern analysis, which was approved by the Board in May 2021 reflects the actual trading experience through the financial year to date, as well as detailed financial forecasts for the period up to 30 September 2022.

The Group has taken a measured approach to its base case forecasting. The Group has balanced the expected trading conditions, a more moderate revenue growth reflecting some uncertainty in consumer demand as COVID-19 restrictions ease, with opportunities available in a growing market which is transitioning online.

Given the uncertainty the impact of Covid-19, the Board has in its assessment of going concern considered the potential impact on the spending patterns of consumers resulting in lower revenue growth than has been experienced to date. In addition, the Board has considered the impact of disruption to the supply chain caused by Covid-19, the potential for product cost increases and increased customer acquisition costs and the consequent impact on gross margin.

The extent to which these factors could adversely effect the Group's revenue, gross margin and customer acquisition costs, as well as the extent which this can be offset by cost savings was modelled.

Going concern conclusion

Based on the analysis described above, the group has sufficient liquidity headroom throughout the forecast period. The directors therefore have a reasonable expectation that the group has the financial resources to enable it to continue in operational existence for the period to 30 September 2022. Accordingly, the directors conclude it is appropriate that the historical financial information be prepared on a going concern basis.

2.3 Revenue

The Group derives revenue from contracts with customers relating to sales of bathroom furniture and accessories.

Revenue is recognised from the sale of goods when the Group has satisfied its performance obligation by transferring control of the promised good to the customer. Control is usually transferred to the customer on delivery of the bathroom furniture or accessories to the customers location.

Revenue is measured at the transaction price, which is the determined based on the price specified in the underlying contract or order, after considering the impact of expected returns.

The Group's policy is to sell its products to customers with a right to return within 30 days, and at its discretion may accept returns after this period. The Group estimates the value of goods that are expected to be returned based on historic data. A refund liability and a right of return asset is recognised. The right of return asset is measured at the former carrying amount of the inventory less any expected costs to recover the goods. The refund liability is recognised for the obligation to refund some or all of the consideration received from a customer. The liability is measured at the amount the group ultimately expects it will have to return to the customer. Refund liabilities are included within trade and other payables, refer to note 20. The Group reviews its estimate of expected returns at each reporting date.

The Group does not offer loyalty points to customers nor are any warranties, other than assurance-type warranties (note 25), offered by the Group.

Contract Liability

Cash is received from customers in advance of delivery of goods and so deferred income is recognised as a contract liability.

2.4 **Rebates**

Rebates from suppliers are accounted for in the period in which they are earned and are based on commercial agreements with suppliers. Rebates earned are mainly purchase volume related and are generally short term in nature, with rebates earned but not yet received typically relating to the preceding quarter's purchases. Rebate income is recognised in cost of sales in the income statement and rebates earned but not yet received are included in accrued income in the statement of financial position.

2.5 **Foreign currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in sterling (£), which is the Group's functional and presentational currency.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the income statement.

2.6 **Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2.7 **Finance income**

Interest income is recognised in the income statement using the effective interest method.

2.8 **Finance costs**

Finance costs are charged to the income statement over the term of the debt using the effective interest rate method.

2.9 **Employee benefits**

Defined contribution pension plan

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Short term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the employee's entitlement to the benefit accrues.

Share-based payments

The Group operates equity-settled share-based payment options and accounts for these awards in accordance with IFRS 2 “Share-based Payments”.

Equity-settled awards are valued at the grant date, and the fair value is charged as an expense in the income statement spread over the vesting period with a corresponding change in equity. The fair value of each award is measured using a Black-Scholes model. The charge is reassessed at each reporting date to reflect the expected and actual levels of vesting. The Group recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

2.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from 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.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries except for any deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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

2.11 Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;

- management intends to complete the software product and use or sell it; and there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives which is 2 – 3 years.

2.12 **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

Long-term leasehold property	– Amortised over the lease period
Plant and machinery	– 4 years
Motor vehicles	– 4 years
Fixtures and fittings	– 4 years
Office equipment	– 4 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement within administrative expenses.

2.13 **Inventories**

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method. Where necessary, a provision is made to reduce the carrying value to no less than net realisable value, having regard to the nature and condition of inventory.

Costs include all costs incurred in bringing each product to its present location and condition. This includes the purchase cost of products and import duties.

2.14 **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with near insignificant risk of change in value and have original maturities of three months or less.

2.15 **Financial instruments**

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets – initial recognition and measurement

The Group classifies financial assets on initial recognition as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) based on the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset.

Financial liabilities are classified and measured at amortised cost except for those derivative liabilities that are measured at FVTPL.

All financial assets and financial liabilities are initially measured at fair value, including transaction costs, except for those classified as FVTPL which are initially measured at fair value excluding transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the income statement.

Financial assets – Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets – Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial asset or liability, any difference between the carrying amount extinguished and the consideration paid is recognised in the income statement.

Financial assets – Impairment

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derivatives

The Group enters into derivative financial instruments to manage its exposure to foreign exchange risk via forward currency contracts. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. The resulting gain or loss is recognised in the income statement and presented within administrative expenses.

2.16 **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 (such as tablets and personal computers, small items of office furniture and telephones) with a total carrying value of under £5,000. 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.

For all other leases, 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. Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset, as detailed below:

Leasehold property	– Lease term
Plant and machinery	– Shorter period of 4 years or the lease term
Motor vehicles	– Shorter period of 4 years or the lease term

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented within non-current assets in the statement of financial position (note 17). The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

2.17 **Impairment**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions

are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. A long-term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses of continuing operations are recognised in the income statement in expense categories consistent with the function of the impaired asset.

2.18 **Dividends**

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. In accordance with UK company law, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.19 **Provisions**

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranties

The Group provides for the cost expected to be incurred in order to replace damaged or faulty items that existed at the time of sale. The provision related to these assurance-type warranties is recognised when the product is sold. Initial recognition is based on historical experience. The estimate of the warranty replaced costs is revised annually.

2.20 **Earnings per share**

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

2.21 **Standards not yet adopted**

There are no new standards and amendments in issue and effective in future periods that will have a material effect on the Group when applied.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments in applying the entity's accounting policies

Intangible assets

Intangible assets include capitalised internal salaries and third party costs for computer software development. A certain proportion of the total costs are capitalised as they relate to development costs whilst the remaining costs are deemed to be maintenance costs and are expensed to the statement of comprehensive income. The proportion is calculated using a combination of management's best estimate and information provided by the third party.

Revenue cut off

The Group's management information systems are configured to recognise revenue upon despatch of the inventory items from the Group's warehouse, which may not be aligned to when control has transferred to the customer. Management therefore performs an assessment in order to capture items that may have been despatched from the Group's warehouse but not delivered by reporting date, and subsequently defers the recognition of revenue and associated costs into the following year. This gives rise to deferred income, which is recognised as a contract liability, and associated inventory in the consolidated statement of financial position. The assessment performed by management includes assumptions, which management believes are reasonable, in order to identify items that fit the criteria for deferral. Management limits the review to a fixed number of distributors and extrapolates the shipment delay identified in the distributors tested to the remaining distributors

Share-based payments

On 15 April 2020, 845 Ordinary A shares were issued at a price of £0.10 per share which is the nominal value of the shares. Of the 845 shares issued, 800 of the A Ordinary shares were issued to the existing shareholders by way of bonus issue so as not to dilute their existing holding. These shares are considered outside the scope of IFRS 2, on the basis that these shareholders were acting in their capacity as holders of equity instruments and do not receive any additional value for their shares. This is considered to be a key judgement.

No further significant judgments were required in the process of applying the Group's accounting policies for these financial statements.

Key sources of estimation uncertainty

Leases: estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The most recent IBR rate used within this historical financial information is 4.5%.

Refund liability

The refund liability that is recognised within the historical financial information relates to the obligation to refund some or all of the consideration received from a customer. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The refund liability therefore requires management to estimate the amount expected to be returned to customers after the reporting date.

The refund liability is estimated using historical rates of the level of refunds relative to revenue. The table below shows the percentage of average quarterly sales in the period and the impact that increasing the refund rate by 1 per cent of quarterly sales would have on the consolidated statement of comprehensive income.

	Year ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
				<i>(Unaudited)</i>	
Refund liability (£m)	0.4	0.6	1.0	0.8	1.2
Revenue (£m)	117.4	151.4	208.7	96.0	140.7
Refund liability % average quarterly sales	1.4%	1.6%	1.9%	1.7%	1.7%
Impact of increasing the refund rate by 1% of quarterly sales on PBT (£m)	(0.3)	(0.4)	(0.5)	(0.5)	(0.7)

Warranty provision

The Group provides for the cost expected to be incurred in order to replace damaged or faulty items that existed at the time of sale. The provision related to these assurance-type warranties are recognised when the product is sold. Initial recognition is based on historical experience.

The table below shows the percentage of average quarterly sales in the period and the impact that increasing the warranty rate by 0.5 per cent of quarterly sales would have on PBT.

	Year ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
				<i>(Unaudited)</i>	
Warranty provision (£m)	0.1	0.1	0.2	0.2	0.2
Revenue for the period (£m)	117.4	151.4	208.7	96.0	140.7
Warranty provision % average quarterly sales	0.3%	0.3%	0.4%	0.4%	0.3%
Impact of increasing the warranty provision by 0.5% of quarterly sales on PBT (£m)	(0.1)	(0.2)	(0.3)	(0.2)	(0.4)

Share-based payments

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The fair value of services received in return for share options is calculated with reference to the fair value of the award on the date of grant. Black-Scholes models have been used where appropriate to calculate the fair value and the Directors have therefore made estimates with regard to the inputs to that model and the period over which the share award is expected to vest (note 29).

4. Segmental analysis

IFRS 8 'Operating segments' requires the Group to determine its operating segments based on information which is provided internally. Based on the internal reporting information and management structures within the group, it has been determined that there is only one operating segment, being the Group, as the information reported includes operating results at a consolidated group level only. There is also considered to be only one reporting segment, which is the Group, the results of which are shown in the consolidated statement of comprehensive income.

Management has determined that there is one operating and reporting segment based on the reports reviewed by the Senior Leadership Team ('SLT') which is the chief operating decision-maker ('CODM'). The SLT is made up of the Executive Directors and key management and is responsible for the strategic decision-making of the Group.

Adjusted EBITDA

Operating costs, comprising administrative expenses, are managed on a group basis. The SLT measure the overall performance of the Operating Group by reference to the following non-GAAP measure:

- Adjusted EBITDA which is Operating profit before depreciation, amortization, exceptional items and IFRS 2 share-based payments along with associated national insurance.

This adjusted profit measure is applied by the SLT to understand the earnings trends of the Operating group and is considered an additional, useful measure under which to assess the true operating performance of the Operating group.

In addition to annual bonuses which are linked to the Operating group's financial performance, the Operating group has implemented a number of longer term share-based payments incentives linked to changes in ownership of the Operating group rather than the achievement of individual or company specific financial performance targets.

The Directors believe that these items and adjusted measures of performance should be separately disclosed in order to assist in the understanding of financial performance achieved by the Operating Group and for consistency with prior years.

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
Operating profit	2.5	9.8	24.0	7.7	14.6
Depreciation on property, plant and equipment	0.3	0.4	0.3	0.2	0.2
Depreciation on right of use assets	0.5	0.4	0.6	0.3	0.4
Amortisation	0.7	0.9	1.3	0.6	0.8
Exceptional items (note 8)	–	–	–	–	0.6
Share-based payments (including associated NI)	–	–	–	–	3.5
Adjusted EBITDA	<u>4.0</u>	<u>11.5</u>	<u>26.2</u>	<u>8.8</u>	<u>20.1</u>

5. Revenue

An analysis of revenue by class of business is as follows:

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
Online	116.3	150.4	207.7	95.4	140.5
Shop	1.1	1.0	1.0	0.6	0.2
	<u>117.4</u>	<u>151.4</u>	<u>208.7</u>	<u>96.0</u>	<u>140.7</u>

All revenue arose within the United Kingdom.

6. Other operating income

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
Coronavirus job retention scheme	–	–	0.1	–	(0.1)
Other income	–	0.1	0.1	–	0.1
	–	0.1	0.2	–	–

During the year ended 30 September 2020 the Group utilised the Coronavirus job retention scheme for a short period of time. In the six months ended 31 March 2021 the Group repaid all amounts claimed under the scheme.

7. Operating profit

Expenses by nature including exceptional items:

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
Employee costs	5.2	6.4	8.3	3.7	9.5
Agency and contractor costs	0.6	0.8	1.1	0.5	0.6
Marketing costs	34.8	40.8	52.2	25.8	38.4
Depreciation of property, plant and equipment	0.3	0.4	0.3	0.2	0.2
Depreciation of right-of-use assets	0.5	0.4	0.6	0.3	0.4
Amortisation charge	0.7	0.9	1.3	0.6	0.8
Profit on disposal of property, plant and equipment	(0.1)	–	–	–	–
(Gain)/loss on foreign exchange rates	0.3	0.1	(0.7)	(0.3)	0.4
Other costs	1.9	2.3	5.1	2.3	4.1
Total administrative expenses	44.2	52.1	68.2	33.1	54.4
Included within exceptional costs	–	–	–	–	(0.6)
Total administrative expenses excluding exceptional items	44.2	52.1	68.2	33.1	53.8

8. Exceptional items

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
IPO costs	–	–	–	–	0.6

IPO costs include costs incurred in respect of the Group's proposed listing. A total of £0.1 million was paid in respect of IPO costs in the six months ended 31 March 2021.

9. Employee costs

Employee costs, excluding contractors but including directors' remuneration, were as follows:

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
Wages and salaries	4.7	5.8	7.5	3.3	5.4
Social security costs	0.4	0.5	0.7	0.3	0.5
Cost of defined contribution scheme	0.1	0.1	0.1	0.1	0.1
Share-based payments (and associated NI)	–	–	–	–	3.5
	<u>5.2</u>	<u>6.4</u>	<u>8.3</u>	<u>3.7</u>	<u>9.5</u>

Employee costs exclude costs capitalised as part of software development as disclosed in note 15.

10. Directors' remuneration

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
Short-term employee benefits	0.1	0.1	0.1	–	0.1
Pension contributions	–	–	–	–	–
Share-based payments	–	–	–	–	2.5
	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>–</u>	<u>2.6</u>
Directors' accruing retirement benefits in respect of defined contribution pension schemes	2	2	2	2	2

11. Finance costs

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
Directors' loan interest	–	–	0.1	–	–
Interest expense on lease liability	0.2	0.2	0.2	0.1	0.1
	<u>0.2</u>	<u>0.2</u>	<u>0.3</u>	<u>0.1</u>	<u>0.1</u>

12. Taxation

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
Corporation tax					
Current tax on profits for the period	0.5	1.8	4.5	1.4	3.4
Adjustments in respect of previous periods	(0.1)	–	(0.6)	(0.1)	–
Total current tax	<u>0.4</u>	<u>1.8</u>	<u>3.9</u>	<u>1.3</u>	<u>3.4</u>
	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
Deferred tax					
Origination and reversal of timing differences	–	–	–	–	(0.5)
Adjustments in respect of previous periods	–	–	0.1	–	–
Total deferred tax	<u>–</u>	<u>–</u>	<u>0.1</u>	<u>–</u>	<u>(0.5)</u>
Taxation on profit on ordinary activities	<u>0.4</u>	<u>1.8</u>	<u>4.0</u>	<u>1.3</u>	<u>2.9</u>

Factors affecting tax charge for the period

The tax assessed for the period is lower than (September 2020, March 2020), higher than (March 2021) and equal to (September 2018, September 2019) the standard rate of corporation tax in the UK of 19 per cent (all periods). The differences are explained below:

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
Profit on ordinary activities before tax	<u>2.3</u>	<u>9.6</u>	<u>23.7</u>	<u>7.6</u>	<u>14.5</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (all periods)	0.4	1.8	4.5	1.4	2.8
Effects of:					
Expenses not deductible for tax purposes	0.1	–	–	–	0.1
Adjustments to tax charge in respect of prior periods	(0.1)	–	(0.5)	(0.1)	–
Total tax charge for the period	<u>0.4</u>	<u>1.8</u>	<u>4.0</u>	<u>1.3</u>	<u>2.9</u>

Factors that may affect future tax charges

Taxation on items taken direct to equity was a credit of £0.3 million in the six months ended 31 March 2021 (year ended 30 September 2018: £nil; year ended 30 September 2019: £nil; year ended 30 September 2020: £nil; six months ended 31 March 2020: £nil).

The rate of corporation tax in the UK throughout the period was 19 per cent.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2020 on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19 per cent, rather than the previously enacted reduction to 17 per cent. Deferred taxes at the reporting date have been measured using these enacted tax rates.

On 3 March 2021 the UK Government announced that effective 1 April 2023 the UK corporation rate will increase from 19 per cent to 25 per cent. As this change had not been substantively enacted at 31 March 2021, UK deferred tax assets and liabilities have continued to be based on a rate of 19 per cent.

Tax recoverable

Tax recoverable represents overpaid corporation tax and section 455 tax which has been paid and is to be reclaimed.

13. Dividends

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
				<i>(Unaudited)</i>	
Dividends paid	3.0	3.5	9.5	–	2.9

Certain shareholders have waived their right to receive dividends and therefore the dividends paid above are not based on the total number of ordinary shares in issue at the time.

14. Earnings per share

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the number of incremental ordinary shares, calculated using the treasury stock method, that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The A ordinary shares are considered to be contingently issued shares and therefore are not included in either EPS or dilutive EPS.

The following table reflects the income and share data used in the EPS calculations:

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
Profit attributable to owners of the parent	1.9	7.8	19.7	6.3	11.6
Weighted average number of ordinary shares for basic EPS	800	800	800	800	800
Basic earnings per share (£)	2,375	9,750	24,625	7,875	14,500
Weighted average number of ordinary shares for diluted EPS	800	800	800	800	808
Diluted earnings per share (£)	2,375	9,750	24,625	7,875	14,356

15. Intangible assets

	Computer software
	£m
Cost	
At 1 October 2017	1.4
Additions	1.0
At 30 September 2018	2.4
Additions	1.3
At 30 September 2019	3.7
Additions	2.0
At 30 September 2020	5.7
Additions	0.8
At 31 March 2021	6.5
Amortisation	
At 1 October 2017	0.3
Charge for the year	0.7
At 30 September 2018	1.0
Charge for the year	0.9
At 30 September 2019	1.9
Charge for the year	1.3
At 30 September 2020	3.2
Charge for the period	0.8
At 31 March 2021	4.0
Net book value	
At 30 September 2018	1.4
At 30 September 2019	1.8
At 30 September 2020	2.5
At 31 March 2021	2.5

Development costs comprise of salaries capitalised in relation to the Group's bespoke operational software. The Group capitalised salaries of £nil in the year ended 30 September 2018, £0.1 million in the year ended 30 September 2019, £0.6 million in the year ended 30 September 2020 and £0.5 million in the six months ended 31 March 2021.

16. Property, plant and equipment

	Freehold property	Plant and machinery	Fixtures and fittings	Office equipment	Total
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Cost					
At 1 October 2017	0.3	0.2	0.8	0.4	1.7
Additions	–	0.2	0.1	0.2	0.5
Disposals	(0.3)	–	–	–	(0.3)
At 30 September 2018	–	0.4	0.9	0.6	1.9
Additions	–	0.1	–	–	0.1
At 30 September 2019	–	0.5	0.9	0.6	2.0
Additions	–	0.2	0.1	0.3	0.6
At 30 September 2020	–	0.7	1.0	0.9	2.6
Additions	–	0.6	0.2	0.3	1.1
At 31 March 2021	–	1.3	1.2	1.2	3.7
Accumulated depreciation					
At 1 October 2017	–	0.1	0.5	0.2	0.8
Charge for the year	–	0.1	0.1	0.1	0.3
At 30 September 2018	–	0.2	0.6	0.3	1.1
Charge for the year	–	0.1	0.2	0.1	0.4
At 30 September 2019	–	0.3	0.8	0.4	1.5
Charge for the year	–	0.1	0.1	0.1	0.3
At 30 September 2020	–	0.4	0.9	0.5	1.8
Charge for the period	–	0.1	–	0.1	0.2
At 31 March 2021	–	0.5	0.9	0.6	2.0
Net book value					
At 30 September 2018	–	0.2	0.3	0.3	0.8
At 30 September 2019	–	0.2	0.1	0.2	0.5
At 30 September 2020	–	0.3	0.1	0.4	0.8
At 31 March 2021	–	0.8	0.3	0.6	1.7

17. Right-of-use assets

Right-of-use assets relate to leased warehouse and office facilities, and operational vehicles.

	Right-of-use assets
	<i>£m</i>
Cost	
At 1 October 2017	3.2
Additions	1.7
At 30 September 2018	4.9
Additions	0.1
At 30 September 2019	5.0
Additions	3.1
At 30 September 2020	8.1
Additions	0.1
At 31 March 2021	8.2
Depreciation	
At 1 October 2017	0.6
Charge for the year	0.5
At 30 September 2018	1.1
Charge for the year	0.4
At 30 September 2019	1.5
Charge for the year	0.6
At 30 September 2020	2.1
Charge for the period	0.4
At 31 March 2021	2.5
Net book value	
At 30 September 2018	3.8
At 30 September 2019	3.5
At 30 September 2020	6.0
At 31 March 2021	5.7

There are no terms of renewal, purchase options or escalation clauses on the leases.

18. Inventories

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
				<i>(Unaudited)</i>	
Goods for resale	11.1	18.2	22.9	18.1	25.9
Packaging	0.1	0.1	0.1	0.1	0.1
	<u>11.2</u>	<u>18.3</u>	<u>23.0</u>	<u>18.2</u>	<u>26.0</u>

Inventories recognised in cost of sales as an expense:

Years ended 30 September			Six months ended 31 March	
2018	2019	2020	2020	2021
£m	£m	£m	£m	£m
			(Unaudited)	
58.2	74.8	97.0	46.0	58.6

No impairment loss was recognised in cost of sales in any of the periods noted above. The inventories provision at each period end totalled £nil.

19. Trade and other receivables

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
Trade receivables	0.9	1.1	1.9	1.6	1.9
Amounts owed by related parties	1.2	2.1	5.9	7.2	5.4
Other receivables	–	0.1	0.2	–	–
Right of return asset	0.2	0.2	0.3	0.3	0.4
Accrued income	0.5	1.0	1.0	0.7	0.8
Prepayments	0.9	0.7	0.7	0.5	0.9
	3.7	5.2	10.0	10.3	9.4

The Group provides against trade receivables using the forward-looking expected credit loss model under IFRS 9. An impairment analysis is performed at each reporting date. Trade receivables, accrued income, amounts owed by related parties and other receivables expected credit losses have been reviewed by management and have been determined to have an immaterial impact on these balances.

20. Trade and other payables: amounts falling due within one year

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
Trade payables	12.7	16.5	21.7	16.3	19.4
Other taxation and social security	2.0	2.4	3.7	4.3	6.8
Refund liability	0.4	0.6	1.0	0.8	1.2
Other payables	0.5	0.6	0.7	0.6	0.9
Accruals	0.6	1.1	1.0	0.4	1.4
	16.2	21.2	28.1	22.4	29.7

21. Contract liabilities

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
Opening balance	2.1	2.8	3.8	3.8	7.3
Revenue recognised in the period that was included in contract liability balance at the beginning of the year	(2.1)	(2.8)	(3.8)	(3.8)	(7.3)
Additional deferred revenue in the period	2.8	3.8	7.3	3.0	8.5
Closing balance	2.8	3.8	7.3	3.0	8.5

Deferred revenue outstanding at each period end is expected to be recognised within revenue within 12 months from the reporting date.

22. Lease liabilities

	Lease liabilities
	£m
At 1 October 2017	2.8
Additions	1.7
Interest expense	0.2
Lease payment	(0.6)
At 30 September 2018	4.1
Additions	0.1
Interest expense	0.2
Lease payment	(0.6)
At 30 September 2019	3.8
Additions	3.1
Interest expense	0.2
Lease payment	(0.7)
At 30 September 2020	6.4
Additions	0.2
Interest expense	0.1
Lease payment	(0.5)
At 31 March 2021	6.2

The following are the total cash outflow for the leases:

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
Lease payments relating to low value and short-term leases	–	–	–	–	–
Lease payments relating to high value and long-term leases	0.6	0.6	0.7	0.4	0.5
Total cash outflow	0.6	0.6	0.7	0.4	0.5

23. Financial instruments

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
Financial assets					
Financial assets measured at amortised cost	2.3	4.2	8.8	9.3	7.9
Cash and fixed term deposits	0.6	2.7	10.5	4.7	22.3
	2.9	6.9	19.3	14.0	30.2

Financial liabilities

Financial liabilities measured at amortised cost	14.2	18.8	24.4	18.1	22.9
Financial liabilities measured at fair value through profit and loss	–	–	–	–	0.6
Lease liabilities	4.1	3.8	6.4	3.5	6.2
	18.3	22.6	30.8	21.6	29.7

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, accrued income, other debtors excluding supplier deposits and amounts owed by related parties.

Financial liabilities measured at amortised cost comprise trade creditors, refund liability, other creditors and accruals.

Financial liabilities measured at fair value through profit and loss comprise of foreign exchange forward contracts. The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods generally from one to 24 months.

The directors consider that the carrying amount of trade and other payables/trade receivables approximates to their fair value.

Financial risk management

Risk management

The Group seeks to reduce exposures to capital risk, liquidity risk, credit risk, interest rate risk and foreign currency risk, to ensure liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group does not engage in speculative trading in financial instruments and transacts only in relation to underlying business requirements. The Group's treasury policies and procedures are periodically reviewed.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders through an appropriate balance of debt and equity funding, while maintaining a strong credit rating and sufficient headroom. The Group makes adjustments to its capital structure in light of changes to economic conditions and the Group's strategic objectives.

Interest rate risk

The Group has no external debt, therefore any fluctuations in interest rates do not have a significant effect on the Group.

Credit risk

Credit risk principally arises on trade receivables. In the vast majority of cases the Group takes payment in advance of dispatch and therefore the Group is not exposed to significant credit risk. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table details the group's remaining contractual maturity for its financial liabilities at 31 March 2021 based on undiscounted contractual payments:

	Within a year	1 to 5 years	Over 5 years	Total
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Financial liabilities				
Trade payables	19.4	–	–	19.4
Refund liability	1.2	–	–	1.2
Other creditors	0.9	–	–	0.9
Accruals	1.4	–	–	1.4
Lease liabilities	1.2	3.0	3.8	8.0
	<u>24.1</u>	<u>3.0</u>	<u>3.8</u>	<u>30.9</u>

Cash flow forecasting is performed on an ongoing basis by the Group's finance team. Rolling forecasts of the Group's liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs.

Foreign exchange risk

The Group makes a significant amount of purchases from overseas and therefore is subject to fluctuations in foreign currency exchange rates, most notably in the US dollar rate. The Group enters into forward

contracts to mitigate the foreign exchange risk, when deemed appropriate. Despite fluctuations in the US dollar exchange rate the Group has continued to make significant profit margins on its products.

A 10 per cent appreciation or depreciation of Pound Sterling against the US dollar would increase or (decrease) profit before tax based on the activity in the period and balances at the reporting date as follows:

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(unaudited)	
Strengthens by 10%	(0.1)	0.1	0.2	(0.6)	(1.2)
Weakens by 10%	0.1	(0.2)	(0.3)	0.7	1.4

24. Deferred taxation

	Accelerated capital allowances	Share- based payments	Other temporary differences	Total
	£m	£m	£m	£m
Deferred taxation assets				
At 1 October 2017 and 30 September 2018	–	–	–	–
At 30 September 2019	–	–	–	–
At 30 September 2020	–	–	–	–
Credited to the statement of comprehensive income	–	0.5	0.1	0.6
Credited direct to equity	–	0.3	–	0.3
At 31 March 2021	–	0.8	0.1	0.9
Deferred taxation liabilities				
At 1 October 2017 and 30 September 2018	0.1	–	–	0.1
Credited to the statement of comprehensive income	(0.1)	–	–	(0.1)
At 30 September 2019	–	–	–	–
Charged to the statement of comprehensive income	0.1	–	–	0.1
At 30 September 2020	0.1	–	–	0.1
Charged to the statement of comprehensive income	0.1	–	–	0.1
At 31 March 2021	0.2	–	–	0.2

25. Provisions

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				<i>(Unaudited)</i>	
Legal case					
Opening balance	1.5	–	–	–	–
Utilised in period	(1.5)	–	–	–	–
Closing balance	–	–	–	–	–
Warranty provision					
Opening balance	0.1	0.1	0.1	0.1	0.2
Utilised in period	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)
Additional provision in period	0.1	0.1	0.2	0.2	0.2
Closing balance	0.1	0.1	0.2	0.2	0.2
Total Provisions	0.1	0.1	0.2	0.2	0.2

The Group was involved in a legal case which was settled in full during the year ended 30 September 2018.

26. Share capital

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£	£	£	£	£
				<i>(Unaudited)</i>	
Allotted, called up and fully paid					
800 Ordinary shares of £1.00	800	800	800	800	800
845 Ordinary 'A' shares of £0.10	–	–	85	–	85
	800	800	885	800	885

845 Ordinary A shares of £0.10 each were issued on 15 April 2020.

The Ordinary and Ordinary A shares rank *pari passu* in all respects, save for the holders of Ordinary A shares are not entitled to receive dividends or any other distribution and on a return of capital or winding up of the company, following repayment of the nominal value of shares issued in respect of all shares in issue, the holders of the Ordinary A shares shall only participate in the surplus assets above a predesignated 'equity hurdle' as set out in the company's Articles of Association. None of the shares in issue are redeemable.

27. Share-based payments

Share-based incentives have been awarded to certain executive directors and members of key management within the organisation. The total IFRS 2 charge for these incentives, including associated national insurance ('NI') was £3.5 million.

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
A Ordinary growth shares	–	–	–	–	0.3
Management incentive plan	–	–	–	–	2.5
	–	–	–	–	2.8
National insurance contributions	–	–	–	–	0.7
Total	–	–	–	–	3.5

A Ordinary shares

On 15 April 2020, 845 Ordinary A shares were issued at a price of £0.10 per share which is the nominal value of the shares. Of the 845 shares issued, 800 of the A Ordinary shares were issued to the existing shareholders by way of bonus issue so as not to dilute their existing holding. These shares are considered outside the scope of IFRS 2, on the basis these shareholders do not receive any additional value for their shares.

The remaining 45 A ordinary shares were awarded to certain members of key management. In order to realise value from the shares awarded, a participant must remain employed until an 'Exit' event is achieved. The equity value on 'Exit' must also be in excess of the equity hurdle which has been set at £130.0 million. The 'Exit' requirement is a non-market performance vesting condition and the hurdle amount is considered to be a market-based performance condition.

The fair value of services received in return for shares awarded is measured by reference to the fair value of the shares at the date of the award. The fair value of the shares awarded has been calculated with reference to a Black-Scholes pricing model.

The significant inputs into the model were

- A 1 – 5 year time frame for 'Exit'. Three scenarios were modelled with equal probability of an 'Exit' after 1 year, 3 years and 5 years. An average of the three scenarios was then calculated;
- An equity value of £99 million at the date of award;
- An exercise price of £nil;
- Volatility of between 34 per cent and 40 per cent depending on the expected timeframe to 'Exit'. The expected volatility is based on the average annualised historic equity value volatility of comparable companies over a period equal to the exit horizon;
- Dividend yield of 0 per cent;
- Risk-free rate of between 0.07 per cent and 0.14 per cent depending on the time period to 'Exit'.

The fair value of each share was determined to be £8,475 per share. The resulting share-based payments charge is being spread evenly over the period between the award and the date at which an 'Exit' event occurs. No charge is recognised if an 'Exit' event is not deemed to be probable as the performance vesting condition would not be met.

No A Ordinary shares were awarded in the years ended 30 September 2018 and 2019 or the six months ended 31 March 2021.

All shares are deemed to be equity settled.

Management incentive plan

Certain executives and key management have been awarded share options under a management incentive plan ('MIP'). On 2 December 2020, the Group awarded 8 nil cost Ordinary share options and 9 nil cost A Ordinary share options under the MIP. All of the options awarded vest on the earlier of an 'Exit' event or three years from the date of grant. Options are forfeited if the employee leaves the Group before the options vest, unless under exceptional circumstances.

The fair value of services received in return for the share options granted is measured by reference to the fair value of the options at the grant date. The fair value of the options has been calculated with reference to a Black-Scholes pricing model.

The significant inputs into the model were

- A 1 – 3 year time frame for exit. Three scenarios were modelled with equal probability of an exit after 10 months, 1.8 years and 3 years. An average of the three scenarios was then calculated;
- An equity value of £453 million at the date of award;
- An exercise price of £nil;
- Volatility of between 45 per cent and 53 per cent depending on the expected timeframe to exit. The expected volatility is based on the average annualised historic equity value volatility of comparable companies over a period equal to the exit horizon;
- Dividend yield of 0 per cent;
- Risk-free rate of 0 per cent.

The value of each Ordinary share option has been determined to be £344,651 and each A Ordinary share option has been determined to be £184,993. The resulting share-based payments charge is being spread evenly over the period between the grant date and the vesting date.

28. Cash generated from operating activities

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
					(Unaudited)
Cash flows from operating activities					
Profit before taxation for the financial year	2.3	9.6	23.7	7.6	14.5
Adjustments for:					
Amortisation of intangible assets (note 15)	0.7	0.9	1.3	0.7	0.8
Depreciation of property, plant and equipment (note 16)	0.3	0.4	0.3	0.1	0.2
Depreciation of right of use assets (note 17)	0.5	0.4	0.6	0.3	0.4
Profit on sale of fixed assets	(0.1)	–	–	–	–
Share-based payments (excluding NI)	–	–	–	–	2.8
Finance costs	0.2	0.2	0.3	0.1	0.1
(Increase)/decrease in inventories	(1.0)	(7.1)	(4.7)	0.1	(3.0)
(Increase)/decrease in receivables	2.1	(0.6)	(1.0)	–	0.1
Increase in payables	2.0	6.0	10.3	0.3	3.5
Increase/(decrease) in provisions	(1.5)	–	0.1	0.1	–
Cash generated from operating activities	5.5	9.8	30.9	9.3	19.4

29. Retained earnings

Retained earnings is the Group's cumulative profits and losses, net of cumulative dividends paid and other adjustments.

30. Pension commitments

The Group operates a defined contribution scheme for its employees. The assets of the scheme are held separately from the Group in an independently administered scheme. The pension cost represents contributions payable by the Group to the fund totalling £0.1 million at 31 March 2021 (31 March 2020: £0.1 million, 30 September 2020: £0.1 million, 30 September 2019: £0.1 million, 30 September 2018: £0.1 million). Included within creditors is £0.1 million of contributions payable to the fund at 31 March 2021 (31 March 2020: £0.1 million, 30 September 2020: £0.1 million, 30 September 2019: £0.1 million, 30 September 2018: nil).

31. Related party transactions

Radcliffe Property Management Limited ('RPM') is considered a related party as this is a company which has a common director and the same majority shareholder as VIPSO Ltd.

The following amounts show transactions and balances with Radcliffe Property Management Limited:

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				<i>(Unaudited)</i>	
Amounts owed to the Group by RPM, included within related parties	1.2	2.0	5.9	2.2	5.4
Amounts owed by the Group to RPM, included within trade and other payables	(0.2)	–	–	(0.1)	(0.1)
Lease payments made by the Group	0.3	0.3	0.3	0.1	0.3

In addition, in the year to 30 September 2018, the Group disposed of a property with a net book value of £0.3 million for proceeds of £0.3 million.

Amounts outstanding with RPM at each reporting date are interest free, unsecured and repayable on demand. The Group has not recognised a provision for expected credit losses in respect of the amounts owed to the Group from related parties nor have any balances been written-off.

A bank loan in Radcliffe Property Management Limited provided by HSBC was secured by a multilateral guarantee between the Group and Radcliffe Property Management Limited; Radcliffe Property Management Limited being the beneficiary. The bank loan was repaid in full on 13 September 2018 at which point HSBC's interest in the aforementioned security item expired and it was instructed for release.

The individuals who are considered key management personnel have received remuneration as follows:

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				<i>(Unaudited)</i>	
Short-term employee benefits	0.1	0.3	0.5	0.2	0.2
Post-employment benefits	–	–	–	–	–
Share-based payments (excluding NI)	–	–	–	–	2.8
	0.1	0.3	0.5	0.2	3.0

Other transactions with related parties are as follows:

	Years ended 30 September			Six months ended 31 March	
	2018	2019	2020	2020	2021
	£m	£m	£m	£m	£m
				(Unaudited)	
Owed to the Group by (included in amounts owed by related parties):					
M Radcliffe	–	0.1	–	4.9	–
N Radcliffe	–	–	–	0.1	–
Interest paid by the Group to:					
M Radcliffe	–	–	0.1	–	–
Dividends paid by the Group to:					
M Radcliffe	2.6	3.0	8.8	–	1.4
N Radcliffe	0.2	0.3	0.5	–	1.4
C Radcliffe	0.1	0.1	0.1	–	–
M Stewart	0.1	0.1	0.1	–	0.1
	<u>3.0</u>	<u>3.6</u>	<u>9.6</u>	<u>5.0</u>	<u>2.9</u>

32. Legal entities

The following table presents the investments in which the Group holds a portion of the nominal value of any class of share capital:

Company name	Shareholding	Activity
Victorian Plumbing Ltd	100% of ordinary share capital	Online retailing of bathroom furniture and accessories
VIPSO Trading Ltd	100% of ordinary share capital	Dormant

The registered office of both subsidiaries is 22 Grimrod Place, Skelmersdale, England, WN8 9UU.

33. Subsequent events

- On 5 May 2021 the Group declared a dividend totalling £12.0 million. The dividend was paid to shareholders on 11 May 2021.
- On 11 May 2021 Radcliffe Property Management Ltd, a related party to the Group, repaid the loan outstanding totalling £5.4 million.
- On 6 May 2021, VIPSO Holding Limited was incorporated and registered in England and Wales under the Companies Act 2006 as a private limited company. On incorporation the issued share capital of VIPSO Holding Limited comprised one ordinary share of £1.45 which was transferred to Mark Radcliffe. On 19 May 2021 VIPSO Holding Limited changed its name by way of resolution to Victorian Plumbing Group Limited.
- On 27 May 2021 VIPSO Ltd undertook a share split of the Ordinary shares and A ordinary shares. The 800 Ordinary shares were split into 200,000,000 Ordinary shares and the 845 A ordinary shares were split into 211,250,000 A ordinary shares.
- On 27 May 2021, Victorian Plumbing Group Limited acquired the entire share capital of VIPSO Ltd via a share-for-share exchange.
- On 1 June 2021, Victorian Plumbing Group Limited announced its intention to launch an initial public offering. The company intends to apply for admission of its ordinary shares to trading on AIM.
- On 7 June 2021, the Group signed into a new Revolving Credit Facility (the 'RCF') which is conditional on admission. The RCF, has total commitments of £10.0 million and a termination date of June 2024. Interest on the new RCF is charged at SONIA plus a margin of between 2.3 per cent and 2.8 per cent

depending on the consolidated leverage of the Group. A commitment fee of 40 per cent of the margin applicable to the RCF is payable quarterly in arrears on unutilised amounts of the RCF. There is no requirement to settle all, or part, of the facility earlier than the termination date.

34. Reconciliation of financial statements to the historical financial information

In preparing this historical financial information a number of adjustments have been made to balances previously reported within the Group's financial statements. This note reconciles this historical financial information to the previously reported financial statements of the Group.

(a) Reconciliation of equity as at 1 October 2017 (opening position in this historical financial information)

		Financial statements as reported	Impact of applying IFRS	Adjust- ments	Historical financial information
	Notes	£m	£m	£m	£m
Non-current assets					
Intangible assets	B	1.1	–	0.1	1.2
Property, plant and equipment		0.8	–	–	0.8
Right-of-use asset	A	–	2.6	–	2.6
		1.9	2.6	0.1	4.6
Current assets					
Inventories	C, F	9.5	–	0.7	10.2
Trade and other receivables	D	5.6	–	0.4	6.0
Tax recoverable		0.3	–	–	0.3
Cash and cash equivalents		0.8	–	–	0.8
		16.2	–	1.1	17.3
Current liabilities					
Trade and other payables	B, D, F, G	(15.2)	–	(1.7)	(16.9)
Current financial liabilities	E	–	–	(0.2)	(0.2)
Provisions	H	(1.5)	–	–	(1.5)
Lease liability	A	–	(0.2)	–	(0.2)
Corporation tax	I	(1.0)	–	0.1	(0.9)
		(17.7)	(0.2)	(1.8)	(19.7)
Non-current liabilities					
Lease liability	A	–	(2.5)	–	(2.5)
Deferred tax		(0.1)	–	–	(0.1)
		(0.1)	(2.5)	–	(2.6)
Net assets					
		0.3	(0.1)	(0.6)	(0.4)
Equity attributable to the owners of the company					
Share capital		–	–	–	–
Retained earnings		0.3	(0.1)	(0.6)	(0.4)
Total equity					
		0.3	(0.1)	(0.6)	(0.4)

A Impact of presenting financial information under IFRS

The Group transitioned to IFRS from FRS 102 for the year ended 30 September 2020 with the date of transition being 1 October 2018. As is disclosed within the basis of preparation within note 2.1, the Group has prepared financial information for the year ended 30 September 2018 under IFRS with the opening statement of financial position also reflecting the change in basis of preparation. The principal difference between the reported financial statements prepared under FRS 102 and this historic financial information relates to IFRS 16: Leases.

B *Intangible assets*

On review, the Group identified an intangible asset that was recognised in the year ended 30 September 2018 but from which the Group had benefits in the year ended 30 September 2017. An adjustment has been made to recognise an additional £0.1 million on the statement of financial position as at 01 October 2017 with a corresponding liability being recognised within trade and other payables.

C *Inventory – import duties*

On review, the Group identified an amount relating to import duty that had been incorrectly recognised in the income statement. An adjustment has been made to the opening statement of financial position to increase the level of inventory by £0.1 million with a corresponding £0.1 million increase in retained earnings.

D *Debit balances on the trade payables ledger*

On review, the Group identified £0.3 million of debit balances on the trade payables ledger. An adjustment has been made to recognise the debit balances in trade and other debtors with a corresponding reduction in trade and other payables.

E *Financial liabilities*

As at 1 October 2017 the Group had engaged in forward contracts to hedge its exposure to foreign exchange risk. On review, the Group had failed to recognise the fair value of these contracts in the statement of financial position. An adjustment has been made to increase current financial liabilities by £0.2 million with a corresponding reduction in retained earnings.

F *Recognition of revenue on delivery of items*

The Group has previously recognised revenue on dispatch of goods from the Group's warehouses. On review, management believe that control is only passed to the customer on delivery of items. As a result of this change in policy, an adjustment has been made to the opening statement of financial position. Retained earnings have been reduced by £0.4 million, representing the margin on goods dispatched but not delivered by the 30 September 2017. The amount of income deferred has been increased by £1.0 million and the amount of inventory held increased by £0.6 million. The tax impact of this adjustment has also been recorded with an increase in retained earnings of £0.1 million and a corresponding reduction in the corporation tax liability.

G *Recognition of an accrual for returns*

On review, the Group believes that it is necessary to recognise an accrual for returns made after the reporting date that related to sales made during the period. This change has had an impact on the statement of financial position as at 01 October 2017. The Group has recognised an adjustment to recognise an accrual for returns of £0.3 million and recognise a right of return asset of £0.1 million within trade and other receivables. Retained earnings has been reduced by £0.2 million. The tax impact of this adjustment has also been recorded with an increase in retained earnings of £0.1 million and a corresponding reduction in the corporation tax liability.

H *Recognition of a provision for assurance warranties*

The Group has historically not provided for any potential liability relating to assurance type warranties offered to customers. On review the Group believes it is necessary to provide for these potential liabilities. The result of this change on the statement of financial position as at 01 October 2017 is an increase of £0.1 million to provisions with the corresponding deduction being made to retained earnings.

I *Tax impact of adjustments*

The impact of the adjustments made decreases the corporation tax liability by £0.1 million.

(b) **Reconciliation of equity and total comprehensive income as at 30 September 2018**

Statement of financial position

		Financial statements as reported	Impact of applying IFRS	Adjust- ments	Historical financial information
	<i>Notes</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Non-current assets					
Intangible assets	B	1.5	–	(0.1)	1.4
Property, plant and equipment		0.8	–	–	0.8
Right-of-use asset	A	–	3.8	–	3.8
		<u>2.3</u>	<u>3.8</u>	<u>(0.1)</u>	<u>6.0</u>
Current assets					
Inventories	C, D	10.1	–	1.1	11.2
Trade and other receivables	D, E, F	4.3	–	(0.6)	3.7
Tax recoverable		0.3	–	–	0.3
Cash and cash equivalents		0.6	–	–	0.6
		<u>15.3</u>	<u>–</u>	<u>0.5</u>	<u>15.8</u>
Current liabilities					
Trade and other payables	D, E	(15.6)	–	(0.6)	(16.2)
Provisions	G	–	–	(0.1)	(0.1)
Contract liability	C	(1.2)	–	(1.6)	(2.8)
Lease liabilities	A	–	(0.5)	–	(0.5)
Corporation tax	J	(0.4)	–	0.4	–
		<u>(17.2)</u>	<u>(0.5)</u>	<u>(1.9)</u>	<u>(19.6)</u>
Non-current liabilities					
Lease liabilities	A	–	(3.6)	–	(3.6)
Deferred tax		(0.1)	–	–	(0.1)
		<u>(0.1)</u>	<u>(3.6)</u>	<u>–</u>	<u>(3.7)</u>
Net assets					
		<u>0.3</u>	<u>(0.3)</u>	<u>(1.5)</u>	<u>(1.5)</u>
Equity attributable to the owners of the company					
Share capital		–	–	–	–
Retained earnings		0.3	(0.3)	(1.5)	(1.5)
Total equity		<u>0.3</u>	<u>(0.3)</u>	<u>(1.5)</u>	<u>(1.5)</u>

Statement of total comprehensive income

		Financial statements as reported	Impact of applying IFRS	Adjust- ments	Historical financial information
	<i>Notes</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Revenue	C	118.1	–	(0.7)	117.4
Cost of sales	C, D, E, F, H	(104.9)	–	34.2	(70.7)
Gross profit		13.2	–	33.5	46.7
Administrative expenses	A, B, H, I	(9.7)	0.1	(34.6)	(44.2)
Other operating income		–	–	–	–
Operating profit		3.5	0.1	(1.1)	2.5
Finance costs	A	–	(0.2)	–	(0.2)
Profit before tax		3.5	(0.1)	(1.1)	2.3
Tax on profit	J	(0.6)	–	0.2	(0.4)
Profit for the financial year		2.9	(0.1)	(0.9)	1.9

A *Impact of presenting the year ended 30 September 2018 under IFRS*

The Group transitioned to IFRS from FRS 102 for the year ended 30 September 2020. As is disclosed within the basis of preparation within note 1, the Group has opted to prepare financial information for the year ended 30 September 2018 under IFRS for consistency. The principal difference between the reported financial statements prepared under FRS 102 and this historic financial information relates to IFRS 16: Leases.

B *Intangible assets*

As at 30 September 2018 the Group had intangible assets relating to software. On review, the Group had not amortised certain intangible assets in line with its policy. An adjustment has therefore been made resulting in a £0.1 million reduction in intangible assets and a corresponding £0.1 million increase in amortisation in the year ended 30 September 2018.

C *Recognition of revenue on delivery of items*

The Group has previously recognised revenue on dispatch of goods from the Group's warehouses. On review, management believe that control is only passed to the customer on delivery of items. As a result of this change in policy, an adjustment has been made for the year ended 30 September 2018.

Revenue recognised has been reduced by £1.6 million with a corresponding increase of £1.6 million in the Group's contract liability. Offsetting this was £1.0 million of revenue now recognised in the year ended 30 September 2018 for which an adjustment was made to the opening statement of financial position (see part (a) note F). The total impact to revenue of this change in policy was therefore a reduction of £0.6 million.

The reduction in revenue has an associated reduction in cost of sales. Cost of sales were reduced by £0.9 million with a corresponding increase in inventory. Offsetting this was £0.6 million of cost of sales now recognised in the year ended 30 September 2018 for which an adjustment was made to the opening statement of financial position (see part (a) note F). The total impact to cost of sales of this change in policy was therefore a reduction of £0.3 million.

Overall the effect of this change in accounting policy is to reduce profit before tax by £0.3 million.

D *Inventory adjustments*

On review, the Group has identified differences between the financial statements and the stock listing as at 30 September 2018 along with misstatements in relation to purchase cut-off and the recognition of import duties. The net result of these differences has resulted in an increase in

inventory of £0.1 million, an increase to cost of sales of £0.1 million and an increase to trade payables of £0.2 million.

The Group had classified a balance of £0.1 million that related to goods in transit as a prepayment in the year ended 30 September 2018. An adjustment has been made to increase inventory by £0.1 million with a corresponding decrease in trade and other receivables.

E *Recognition of an accrual for returns*

On review, the Group believes that it is necessary to recognise an accrual for returns made after the reporting date that related to sales made during the period. This change has an impact on the statement of financial position as at 30 September 2018.

The Group has recognised an adjustment to increase the returns accrual by £0.4 million and a right of return asset of £0.2 million has been recorded within trade and other receivables. After considering the impact of the adjustment made to the statement of financial position as at 1 October 2017 (part (a) note G) this adjustment results in a reduction in revenue and gross profit of £0.1 million.

F *Adjustment to deferred costs recognised in other receivables*

The Group had deferred costs of £0.8 million in the year ended 30 September 2018. On review, these costs should have been recognised within cost of sales in the year ended 30 September 2018. An adjustment has therefore been made to reduce other receivables by £0.8 million with a corresponding increase in cost of sales.

G *Recognition of a provision for assurance warranties*

The Group has historically not provided for any potential liability relating to assurance type warranties offered to customers. On review the Group believes it is necessary to provide for these potential liabilities. The result of this change on the statement of financial position as at 30 September 2018 is an increase of £0.1 million.

H *Reclassification of marketing costs*

The Group classified marketing costs as cost of sales in the year ended 30 September 2018. On review, the Group believes that costs relating to marketing are an administrative expense and not directly attributable to the goods sold. Marketing costs of £34.8 million have therefore been reclassified from cost of sales to administrative expenses.

I *Unwind of financial liabilities*

As at 1 October 2017 the Group had engaged in forward contracts to hedge its exposure to foreign exchange risk. On review, the Group had failed to recognise the fair value of these contracts in the statement of financial position and so an adjustment has been made in this historical financial information.

Subsequently, in the year ended 30 September 2018 these forward contracts were settled. The adjustment made to recognise the financial liability as at 1 October 2017 therefore reverses during the year resulting in a £0.2 million increase to profit before tax.

J *Tax impact of adjustments*

The impact of the adjustments made decreases the income tax expense by £0.2 million. The Corporation tax liability decreased by £0.4 million inclusive of amounts carried forward from the effects of previous adjustments within this historical financial information.

(c) **Reconciliation of equity and total comprehensive income as at 30 September 2019**

Statement of financial position

		Reported financial statements	Adjust- ments	Historical financial information
	<i>Notes</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Non-current assets				
Intangible assets	I	1.8	–	1.8
Property, plant and equipment		0.5	–	0.5
Right-of-use asset		3.5	–	3.5
		<u>5.8</u>	<u>–</u>	<u>5.8</u>
Current assets				
Inventories	A, B	16.4	1.9	18.3
Trade and other receivables	C, D	6.2	(1.0)	5.2
Tax recoverable	J	0.2	(0.2)	–
Cash and cash equivalents		2.7	–	2.7
		<u>25.5</u>	<u>0.7</u>	<u>26.2</u>
Current liabilities				
Trade and other payables	B, D	(19.8)	(1.4)	(21.2)
Provisions	F	–	(0.1)	(0.1)
Contract liability	E	(2.1)	(1.7)	(3.8)
Lease liabilities		(0.5)	–	(0.5)
Corporation tax	J	(0.9)	0.6	(0.3)
		<u>(23.3)</u>	<u>(2.6)</u>	<u>(25.9)</u>
Non-current liabilities				
Lease liabilities		(3.3)	–	(3.3)
		<u>(3.3)</u>	<u>–</u>	<u>(3.3)</u>
Net assets				
		<u>4.7</u>	<u>(1.9)</u>	<u>2.8</u>
Equity attributable to the owners of the company				
Share capital		–	–	–
Retained earnings		4.7	(1.9)	2.8
		<u>4.7</u>	<u>(1.9)</u>	<u>2.8</u>

Statement of total comprehensive income

		Reported financial statements	Adjust- ments	Historical financial information
	<i>Notes</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Revenue	A, D, E, G	151.8	(0.4)	151.4
Cost of sales	A, B, C, H	(130.0)	40.4	(89.6)
		<u>21.8</u>	<u>40.0</u>	<u>61.8</u>
Gross profit				
Administrative expenses	H, I	(11.5)	(40.6)	(52.1)
Other operating income	G	–	0.1	0.1
		<u>10.3</u>	<u>(0.5)</u>	<u>9.8</u>
Operating profit				
Finance costs		(0.2)	–	(0.2)
		<u>10.1</u>	<u>(0.5)</u>	<u>9.6</u>
Profit before tax				
Tax on profit	J	(1.9)	0.1	(1.8)
		<u>8.2</u>	<u>(0.4)</u>	<u>7.8</u>
Profit for the financial year				

A *Recognition of revenue on delivery of items*

The Group has previously recognised revenue on dispatch of goods from the Group's warehouses. On review, management believe that control is only passed to the customer on delivery of items. As a result of this change in policy, an adjustment has been made for the year ended 30 September 2019.

Revenue recognised has been reduced by £1.6 million with a corresponding increase of £1.6 million in the Group's contract liability. Offsetting this was £1.6 million of revenue now recognised in the year ended 30 September 2019 for which an adjustment was made to the opening statement of financial position (see part (b) note C). The total impact to revenue of this change in policy was therefore £nil.

The reduction in revenue has an associated reduction in cost of sales. Cost of sales were reduced by £0.9 million with a corresponding increase in inventory. Offsetting this was £0.9 million of cost of sales now recognised in the year ended 30 September 2019 for which an adjustment was made to the opening statement of financial position (see part (b) note C). The total impact to cost of sales of this change in policy was therefore £nil.

B *Inventory adjustments*

On review, the Group has identified some differences between the financial statements and the stock listing as at 30 September 2019 along with misstatements in relation to purchase cut-off and the recognition of import duties. The net result of these differences has resulted in an increase to inventory of £1.0 million, a reduction in cost of sales of £0.2 million and an increase to trade payables of £0.8 million.

The Group had classified a balance of £0.1 million that related to goods in transit as a prepayment in the year ended 30 September 2019. An adjustment has been made to increase inventory by £0.1 million with a corresponding decrease in trade and other receivables.

C *Adjustment to deferred costs recognised in other receivables*

The Group had deferred costs of £1.3 million in the year ended 30 September 2019. On review, these costs should have been recognised within cost of sales in the year ended 30 September 2019. An adjustment has therefore been made to reduce other receivables by £1.3 million with a corresponding increase in cost of sales.

Offsetting this is a £0.8 million reduction in cost of sales as a result of the corresponding adjustment to the year ended 30 September 2018 (part (b) note F).

D *Recognition of an accrual for returns*

On review, the Group believes that it is necessary to recognise an accrual for returns made after the reporting date that related to sales made during the period. The change has had an impact on the statement of financial position as at 30 September 2019.

The Group has recognised an adjustment to increase the returns accrual by £0.5 million and a right of return asset of £0.2 million has been recorded within trade and other receivables. After considering the impact of the adjustment made to the statement of financial position as at 30 September 2018 (part (b) note E) this adjustment results in a reduction in revenue and gross profit of £0.1 million.

E *Contract liability adjustment*

On review, the Group identified £0.1 million of revenue recognised in the year ended 30 September 2019 which should have been deferred. An adjustment has therefore been made to increase the contract liability by £0.1 million with the corresponding reduction being made to revenue.

F *Recognition of a provision for assurance warranties*

The Group has historically not provided for any potential liability relating to assurance type warranties offered to customers. On review the Group believes it is necessary to provide for these potential liabilities. The result of this change on the statement of financial position as at 30 September 2019 is an increase of £0.1 million.

G *Other adjustments to revenue*

The Group recognised an amount of £0.1 million relating to supplier promotions as revenue in the year ended 30 September 2019. On review, this amount has been reclassified as 'Other operating income'.

H *Reclassification of marketing costs*

The Group classified marketing costs as cost of sales in the year ended 30 September 2019. On review, the Group believes that costs relating to marketing are an administrative expense and not directly attributable to the goods sold. Marketing costs of £40.7 million have therefore been reclassified from cost of sales to administrative expenses.

I *Amortisation of intangible assets*

On review, excess amortisation of £0.1 million was charged to the income statement in the year ended 30 September 2019 and so an adjustment has been made to decrease administrative expenses by £0.1 million. The corresponding increase in intangible assets is offset by the adjustment brought forward from the financial year ended 30 September 2018 (part (b) note B).

J *Tax impact of adjustments*

The impact of the adjustments proposed decreases the income tax expense by £0.1 million. The Corporation tax liability decreased by £0.4 million inclusive of amounts carried forward from the effects of previous adjustments within this historical financial information.

(d) **Reconciliation of equity and total comprehensive income as at 30 September 2020**

Statement of financial position

		Reported financial statements	Adjust- ments	Historical financial information
	<i>Notes</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Non-current assets				
Intangible assets	A	2.3	0.2	2.5
Property, plant and equipment		0.8	–	0.8
Right-of-use asset	B	2.9	3.1	6.0
		<u>6.0</u>	<u>3.3</u>	<u>9.3</u>
Current assets				
Inventories	C, D, E	24.0	(1.0)	23.0
Trade and other receivables	F, G	9.4	0.6	10.0
Tax recoverable	K	1.4	0.9	2.3
Cash and cash equivalents		10.5	–	10.5
		<u>45.3</u>	<u>0.5</u>	<u>45.8</u>
Current liabilities				
Trade and other payables	D, G	(26.7)	(1.4)	(28.1)
Provisions	H	–	(0.2)	(0.2)
Contract liability	C, F	(4.7)	(2.6)	(7.3)
Lease liabilities	B	(0.5)	(0.3)	(0.8)
		<u>(31.9)</u>	<u>(4.5)</u>	<u>(36.4)</u>
Non-current liabilities				
Lease liabilities	B	(2.7)	(2.9)	(5.6)
Deferred tax		(0.1)	–	(0.1)
		<u>(2.8)</u>	<u>(2.9)</u>	<u>(5.7)</u>
Net assets		<u>16.6</u>	<u>(3.6)</u>	<u>13.0</u>
Equity attributable to the owners of the company				
Share capital		–	–	–
Retained earnings		16.6	(3.6)	13.0
Total equity		<u>16.6</u>	<u>(3.6)</u>	<u>13.0</u>

Statement of total comprehensive income

		Reported financial statements	Adjust- ments	Historical financial information
	<i>Notes</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Revenue	C, G, I	209.9	(1.2)	208.7
Cost of sales	C, D, E, G, H, J	(167.7)	51.0	(116.7)
Gross profit		42.2	49.8	92.0
Administrative expenses	A, B, J	(16.2)	(52.0)	(68.2)
Other operating income	I	0.1	0.1	0.2
Operating profit		26.1	(2.1)	24.0
Finance costs	B	(0.2)	(0.1)	(0.3)
Profit before tax		25.9	(2.2)	23.7
Tax on profit	K	(4.5)	0.5	(4.0)
Profit for the financial year		21.4	(1.7)	19.7

A *Intangible assets*

The Group has intangible assets relating to purchased software and internal capitalised development spend. On review, the Group recorded amortisation in the year ended 30 September 2020 in excess of what was required as per the Group's amortisation policy. An adjustment has been included to increase the level of intangible assets by £0.2 million and reduce the amount of amortisation included within administrative expenses.

B *Recognition of a lease under IFRS 16*

During the year, the Group agreed the terms to lease warehouse and office space from Radcliffe Property Management, a related party. The lease agreement was signed in October 2020, after the reporting date of 30 September 2020, and so the Group did not recognise a right of use asset or lease liability in the year ended 30 September 2020.

On review, the Group had been given control of the asset prior to the reporting date and although the lease agreement had not been signed, terms had been agreed. The Group has therefore made an adjustment to recognise the lease in the statement of financial position at the reporting date. A right of use asset of £3.1 million has been recorded as at 30 September 2020 with a corresponding lease liability of £3.2 million. Depreciation of £0.1 million and interest of £0.1 million have been charged to the income statement and are presented within administrative expenses and net finance costs respectively.

C *Recognition of revenue on delivery of items*

The Group has previously recognised revenue on dispatch of goods from the Group's warehouses. On review, management believe that control is only passed to the customer on delivery of items. As a result of this change in policy, an adjustment has been made for the year ended 30 September 2020.

Revenue recognised has been reduced by £2.3 million with a corresponding increase of £2.3 million in the Group's contract liability. Offsetting this was £1.6 million of revenue now recognised in the year ended 30 September 2020 for which an adjustment was made to the opening statement of financial position (see part (c) note A). The total impact to revenue of this change in policy was therefore a reduction to revenue of £0.7 million.

The reduction in revenue has an associated reduction in cost of sales. Cost of sales were reduced by £1.3 million with a corresponding increase in inventory. Offsetting this was £0.9 million of cost of sales now recognised in the year ended 30 September 2020 for which an adjustment was

made to the opening statement of financial position (see part (c) note A). The total impact to cost of sales of this change in policy was therefore a reduction of £0.4 million.

D *Inventory adjustments*

On review, the Group has identified some differences between the financial statements and the stock listing as at 30 September 2020 along with misstatements in relation to purchase cut-off and the recognition of import duties. The net result of these differences has resulted in an increase to inventory of £0.3 million, increase in cost of sales of £0.2 million and an increase to trade payables of £0.5 million.

E *Adjustment to deferred costs recognised in other receivables*

The Group had deferred costs of £2.7 million in the year ended 30 September 2020. On review, these costs should have been recognised within cost of sales in the year ended 30 September 2020. An adjustment has therefore been made to reduce other receivables by £2.7 million with a corresponding increase in cost of sales.

Offsetting this is a £1.3 million reduction in cost of sales as a result of the corresponding adjustment to the year ended 30 September 2019 (part (c) note C).

F *Reclassification of receivables*

The Group has reclassified £0.2 million to trade receivables relating to a debtor balance with a customer. This balance had been offset against the Group's 'contract liability' in the financial statements for the year ended 30 September 2020.

G *Recognition of an accrual for returns*

On review, the Group believes that it is necessary to recognise an accrual for returns made after the reporting date that related to sales made during the period. This change has had an impact on the statement of financial position as at 30 September 2020.

The Group has recognised an adjustment to increase the returns accrual by £1.0 million and a right of return asset of £0.4 million has been recorded within trade and other receivables. After considering the impact of the adjustment made to the statement of financial position as at 30 September 2019 (part (c) note D) this adjustment results in a reduction in revenue of £0.5 million and gross profit of £0.3 million.

H *Recognition of a provision for assurance warranties*

The Group has historically not provided for any potential liability relating to assurance type warranties offered to customers. On review the Group believes it is necessary to provide for these potential liabilities. A total of £0.1 million was charged to the income statement in the year in respect of this provision.

I *Other adjustments to revenue*

On review, the Group identified a contract liability of £0.1 million of revenue recognised in the year ended 30 September 2019 which should have been deferred to the year ended 30 September 2020. An adjustment has been made to recognise an additional £0.1 million of revenue in the year ended 30 September 2020.

The Group recognised an amount of £0.1 million relating to supplier promotions as revenue in the year ended 30 September 2020. On review, this amount has been reclassified as 'Other operating income'.

J *Reclassification of marketing costs*

The Group classified marketing costs as cost of sales in the year ended 30 September 2020. On review, the Group believes that costs relating to marketing are an administrative expense and not directly attributable to the goods sold. Marketing costs of £52.1 million have therefore been reclassified from cost of sales to administrative expenses.

K *Tax impact of adjustments*

The impact of the adjustments proposed decreases the income tax expense by £0.5 million. The Corporation tax liability decreased by £0.9 million inclusive of amounts carried forward from the effects of previous adjustments within this historical financial information.

PART VII

TERMS AND CONDITIONS OF THE PLACING

IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEEES ONLY

1. **Introduction**

This Part VII gives details of the terms and conditions of, and the mechanics of participation in, the Placing.

- 1.1 Each Placee, which confirms its agreement to the Joint Global Coordinators (whether orally or in writing) to subscribe for and/or acquire Placing Shares under the Placing, hereby agrees with the Joint Global Coordinators that it will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 The Company and the Joint Global Coordinators may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit.

2. **Participation in, and principal terms of, the Placing**

- 2.1 The Joint Global Coordinators are arranging the Placing severally, and not jointly, nor jointly and severally, as agents of the Company (for itself and acting as agent for and on behalf of each Selling Shareholder pursuant to the Deeds of Election). Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by Joint Global Coordinators. Members of the public are not eligible to take part in the Placing. Each Joint Global Coordinator and its affiliates are entitled to participate in the Placing as principal.
- 2.2 This Part VII gives details of the terms and conditions of, and the mechanics of participation in, the Placing.
- 2.3 The Placing Price will be a fixed price of 262 pence per Placing Share.
- 2.4 Each Placee's allocation will be confirmed to Placees orally by the relevant Joint Global Coordinator. That oral confirmation to such Placee will constitute an irrevocable legally binding commitment upon such person (who will at that point become a Placee) in favour of the Joint Global Coordinators and the Company, under which such Placee agrees to subscribe for and/or acquire the number of Placing Shares allocated to it and to pay the Placing Price for each such Placing Share on the terms and conditions set out in this Part VII and in accordance with the Articles of Association.
- 2.5 Each Placee's allocation and commitment will be evidenced by an electronic contract note and/or electronic trade confirmation issued to such Placee by the relevant Joint Global Coordinator. The terms of this Part VII will be deemed incorporated by reference therein.
- 2.6 An offer for Placing Shares which has been communicated to a Joint Global Coordinator will be legally binding on the Placee on behalf of which it is made and, except with the consent of the Joint Global Coordinators, will not be capable of variation or revocation after the time at which it is submitted.
- 2.7 Each Placee will also have an immediate, separate, irrevocable and binding obligation, owed to the Joint Global Coordinators, to pay 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 that such Placee has agreed to subscribe for and/or acquire and the Company has agreed to allot and/or the Selling Shareholders have agreed to sell to that Placee.
- 2.8 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 acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "*Registration and Settlement*".

- 2.9 All obligations under the Placing will be subject to fulfilment or (where applicable) waiver of the conditions referred to in paragraph 13 of Part I of this document and to the Placing not being terminated on the basis referred to in paragraph 13 of Part I of this document.
- 2.10 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 paragraph 13 of Part I of this document and will not be capable of rescission or termination by the Placee after confirmation (oral or otherwise) by the Joint Global Coordinators.
- 2.11 To the fullest extent permissible by law, neither Joint Global Coordinator nor any of its affiliates nor any of their respective agents, directors, officers or employees shall have any responsibility or liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise). In particular, neither Joint Global Coordinator nor any of its affiliates nor any of their respective agents, directors, officers or employees shall have any responsibility or liability (including to the extent permissible by law, any fiduciary duties) in respect of the Joint Global Coordinators' conduct of the Placing.
- 2.12 Each Placee acknowledges and agrees that the Company and the Selling Shareholders are responsible for the allotment of the New Shares and the sale of the Sale Shares to Placees and neither Joint Global Coordinator nor any of their affiliates will have any liability to Placees for the failure of the Company and/or any of the Selling Shareholders to fulfil those obligations.
- 2.13 The Joint Global Coordinators shall, following consultation with, and on approval of such allocations by, the Company and Mark Radcliffe (on behalf of himself and all other Selling Shareholders) be entitled to allocate New Shares and/or Sale Shares at their respective discretions to Placees in respect of their allocations of Placing Shares.

3. **Registration and settlement**

- 3.1 Settlement of transactions in the Placing Shares following Admission will take place within CREST, using the delivery versus payment mechanism, subject to certain exceptions. The Company and the Joint Global Coordinators reserve the right to require settlement for, and delivery of, the Placing Shares to Placees by such other means that they deem necessary, including in certificated form, if delivery or settlement is not possible or practicable within CREST within the timetable set out in this document or would not be consistent with the regulatory requirements in the Placee's jurisdiction.
- 3.2 Each Placee allocated Placing Shares in the Placing will be sent an electronic contract note and/or electronic trade confirmation stating the number of Placing Shares to be allocated to it at the Placing Price, the aggregate amount owed by such Placee to the relevant Joint Global Coordinator and settlement instructions.
- 3.3 Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST or certificated settlement instructions that it has in place with the relevant Joint Global Coordinator or as otherwise as such Joint Global Coordinator may direct.
- 3.4 It is expected that delivery of the Shares will be made on or about 22 June 2021, which is the third business day following the date of this document (such settlement cycle being referred to as "T+3"), in accordance with the instructions set out in the electronic contract note and/or electronic trade confirmation. Under Rule 156c-1 of the SEC under the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days unless the parties to such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Shares earlier than the second business day before 22 June 2021 will be required, by virtue of the fact that the Shares initially will settle T+3, to specify an alternative settlement cycle at the time of any such trade to prevent failed settlement, and so should consult their own advisors.
- 3.5 Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by the Joint Global Coordinators.
- 3.6 Each Placee agrees that, if it does not comply with these obligations, the Joint Global Coordinators may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain

from the proceeds, for the Company's and/or Selling Shareholders' account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and shall be required to bear any stamp duty, stamp duty reserve tax or other stamp, securities, transfer, registration, execution, documentary or other similar impost, duty or tax (together with any interest, fines or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf. By communicating a bid for Placing Shares to the Joint Global Coordinators, each Placee confers on the Joint Global Coordinators all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions with the a Joint Global Coordinator lawfully takes in pursuance of such sale. The foregoing is without prejudice to any cause of action the Joint Global Coordinators may have against a defaulting Placee.

- 3.7 If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that, upon receipt, the electronic contract note and/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 UK stamp duty or UK stamp duty reserve tax. If there are any circumstances in which any other stamp duty or stamp duty reserve tax (and/or any interest, fines or penalties relating thereto) is payable in respect of the allocation, allotment, issue or delivery of the Placing Shares (or for the avoidance of doubt if any stamp duty or stamp duty reserve tax is payable in connection with any subsequent transfer of or agreement to transfer Placing Shares), neither Joint Global Coordinator nor any of its affiliates nor the Company nor any Selling Shareholder shall be responsible for the payment thereof.

4. **Representations and Warranties**

By agreeing to subscribe for Placing Shares, each Placee that enters into a commitment to subscribe for Placing Shares will (for itself and for any person(s) procured by it to subscribe for Placing Shares and any nominee(s) for any such person(s)) be deemed to undertake, represent and warrant to each of the Company and the Joint Global Coordinators that:

- (a) in agreeing to subscribe for Placing Shares under the Placing, it is relying solely on this document (or any supplementary admission document issued by the Company in accordance with the AIM Rules for Companies (as the case may be)) and not on any other information given, or representation or statement made at any time (including, without limitation, the roadshow presentation prepared by the Company or research by any party containing information about the Company), by any person concerning the Group, the Placing Shares, the Placing or Admission. It agrees that none of the Company, the Joint Global Coordinators or any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information, representation or statement;
- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Placing Shares under the Placing, it undertakes, represents and warrants that it is a person to whom the Placing Shares may be lawfully offered under that other jurisdiction's laws and regulations, and it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company or the Joint Global Coordinators or any of their respective affiliates or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;
- (c) it agrees that, having had the opportunity to read this document, it shall be deemed to have had notice of all information, undertakings, representations and warranties contained in this document and that in accepting a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for Placing Shares;
- (d) it has carefully read and understands this document in its entirety and acknowledges that it is subscribing for or acquiring Placing Shares on the terms and subject to the conditions set out in

this Part VI of this document and the Articles as in force at the date of Admission. Such Placee agrees that these terms and conditions represent the whole and only agreement between the Placee, the Company and Joint Global Coordinators in relation to the Placee's participation in the Placing and supersedes any previous agreement between any of such parties in relation to such participation. Accordingly, all other terms, conditions, representations, warranties and other statements which would otherwise be implied (by law or otherwise) shall not form part of these terms and conditions. Such Placee agrees that neither the Company, the Joint Global Coordinators, their respective affiliates nor any of their respective officers, directors, agents or employees nor any person acting on its or their behalf will have any liability for any such other information or representation and irrevocably and unconditionally waives any rights it may have in respect of any such other information or representation;

- (e) it has not relied on the Joint Global Coordinators or any person affiliated with either of them in connection with any investigation of the accuracy of any information contained in this document or its investment decision;
- (f) it acknowledges that the contents of this document are exclusively the responsibility of the Company and its Directors and none of the Joint Global Coordinators, their respective affiliates, nor any of their respective directors, officers, agents or employees nor any person acting on its or their behalf are responsible for or shall have any liability for any information, representation or statement contained in this document or any information published by or on behalf of the Company or any member of the Group and will not be liable for any decision by a Placee to participate in the Placing based on any information, representation or statement contained in this document or otherwise;
- (g) it will indemnify on an after-tax basis and hold harmless the Company, the Joint Global Coordinators and their respective affiliates and any person acting on their behalf 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 in these terms and conditions;
- (h) it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Joint Global Coordinators or the Company;
- (i) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- (j) it has such knowledge, sophistication and experience in financial and business matters that it is capable of evaluating the merits and risks of its subscription for the Placing Shares and it is able to bear the economic risk and financial risk (including sustaining a complete loss) of the subscription for such Placing Shares;
- (k) the agreement to acquire the Placing Shares and payment therefor will comply with and will not violate any agreements to which it is a party or by which it or any of its properties or assets is bound and which is material to its participation and its obligations in respect thereof and will constitute its valid and legally binding agreement and it has the funds available to make payment for the full amount in respect of the Placing Shares as and when due;
- (l) it accepts and acknowledges that the Company has not filed a prospectus or similar document with any applicable securities regulatory authority of any province or territory of Canada, no document in relation to the Placing has been or will be lodged with, or registered by, the Australian Securities and Investments Commission and no registration statement has been, or will be filed with the Japanese Ministry of Finance in relation to the Placing Shares; and (iii) subject to certain exceptions the Placing Shares may not be offered or sold directly or indirectly within Canada, Australia, Japan, Republic of South Africa or any other jurisdiction where it may be unlawful to make such offer or to or for the account or benefit of any national, citizen or resident of such countries or of such jurisdictions;
- (m) it (i) is participating in the Placing in compliance with the selling and transfer restrictions set out in paragraph 5 of this Part VII including the representations, warranties and agreements contained

therein; (ii) 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, resold, pledged, delivered or distributed, directly or indirectly, in, into or 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 (iii) is either (A) outside the United States and acquiring the Placing Shares in an “offshore transaction” (as defined in Regulation S) meeting the requirements of Regulation S, or (B) a QIB acquiring the Placing Shares for its own account, or for the account of one or more QIBs;

- (n) if it is within the United Kingdom, it and any person acting on its behalf: (i) is a “Qualified Investor” within the meaning of Article 2(e) of the UK Prospectus Regulation: (x) who falls within the definition of “investment professional” in Article 19(5) of the Order; or (y) who falls within Article 49(2) of the Order; or (z) to whom the Placing Shares may otherwise lawfully be offered and it undertakes that it will subscribe for, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only; or (ii) a person who is a “professional client” or an “eligible counterparty” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook;
- (o) if in a member state of the EEA, it is a “Qualified Investor” within the meaning of Article 2(e) of the EU Prospectus Regulation;
- (p) if it is acting as a financial intermediary, as that term is used in Article 5(1) of the EU Prospectus Regulation or the UK Prospectus Regulation (as applicable), if in a member state of the EEA or the UK, it understands that: (i) the Placing Shares acquired by and/or subscribed for by it in the Placings will not be acquired and/or subscribed for on a non-discretionary basis on behalf of, nor will they be acquired or subscribed for with a view to their offer or resale to, persons in a member state of the EEA or the UK (as applicable) other than Qualified Investors (as such term is defined in either the EU Prospectus Regulation or the UK Prospectus Regulation (as applicable)), or in circumstances which may give rise to an offer of securities to the public other than an offer or resale, in a member state of the EEA or the UK, to Qualified Investors, or in circumstances in which the prior consent of the Joint Global Coordinators has been given to each such proposed offer or resale; or (ii) where the Placing Shares have been acquired or subscribed for by it on behalf of persons in any member state of the EEA or the UK other than Qualified Investors, the offer of those Placing Shares to it is not treated under the EU Prospectus Regulation or the UK Prospectus Regulation (as applicable) as having been made to such persons;
- (q) neither this document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Placing Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Placing Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- (r) it confirms that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which it is permitted to do so pursuant to section 21 of FSMA;
- (s) it acknowledges that where it is subscribing for Placing Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Placing Shares for each such account; (ii) to make on each such account’s behalf the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and/or the Joint Global Coordinators. It agrees that the provision of this paragraph shall survive any resale of the Placing Shares by or on behalf of any such account;
- (t) it acknowledges that in connection with the Placing, the Joint Global Coordinators and any of their respective affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts

in such Ordinary Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Ordinary 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, the Joint Global Coordinators and any of their respective affiliates acting as investors for their own accounts. In addition, the Joint Global Coordinators or their respective affiliates may enter into financing arrangements (including swaps, warrants or contracts for difference) with investors in connection with which such Joint Global Coordinators (or their respective affiliates) may from time to time acquire, hold or dispose of Ordinary Shares. The Joint Global Coordinators 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;

- (u) it acknowledges that neither the Placee nor, as the case may be, their clients, expect the Joint Global Coordinators to have any duties or responsibilities to the Placee similar or comparable to the duties of “best execution” and “suitability” imposed by The Conduct of Business Source Book contained in The FCAs Handbook of Rules and Guidance, and that neither Joint Global Coordinator nor any of their respective affiliates or any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and participation in the Placing is on the basis that it is not and will not be a client of either Joint Global Coordinator and that neither Joint Global Coordinator has any duties or responsibilities to it for providing protection afforded to their respective clients or for providing advice in relation to the Placing nor, if applicable, in respect of any representations, warranties, undertakings or indemnities otherwise required to be given by it in connection with the Placing;
- (v) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Placing Shares and it is not acting on a non-discretionary basis for any such person;
- (w) it is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by it or any other person on the acquisition by it of any Placing Shares or the agreement by it to acquire any Placing Shares;
- (x) that 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 liability 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 to whom the allocation, allotment, issue or delivery of the Placing Shares would give rise to such a liability and that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to issue or transfer Placing Shares into a clearance service;
- (y) it has complied with and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing in, from or otherwise involving the United Kingdom;
- (z) if the Placee is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor’s agreement to subscribe for Placing Shares under the Placing and will not be any such person on the date any such Placing (as applicable) is accepted;
- (aa) save in the event of fraud on the part of a Joint Global Coordinator, or in respect of any liability which cannot be excluded under FSMA, neither Joint Global Coordinator nor its ultimate holding company, nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of its role as joint global coordinator, joint bookrunner or otherwise in connection with the Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- (bb) it irrevocably appoints any Director of the Company and/or any duly authorised officer or employee and/or director of a Joint Global Coordinator to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for

all or any of the Placing Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;

- (cc) it accepts that if the Placing does not proceed or the relevant conditions to the Placing Agreement are not satisfied or the Placing Shares for which valid application are received and accepted are not admitted to trading on AIM for any reason whatsoever then none of the Company, the Joint Global Coordinators or any of their affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, directors, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (dd) it acknowledges and agrees that it is aware of its obligations in connection with the Criminal Justice Act 1993 and MAR and has complied with those obligations;
- (ee) the exercise by either Joint Global Coordinator of any rights or obligations under the Placing Agreement shall be within their absolute discretion and neither Joint Global Coordinator need to have any reference to any Placee and shall have no liability to a Placee whatsoever in connection with any decision to exercise or not to exercise any such right. Each Placee agrees that it has no rights against either Joint Global Coordinator, the Company or any of their respective directors and employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999;
- (ff) in connection with its participation in the Placing 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 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, and any other applicable law concerning the prevention of money laundering and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 in force in the United Kingdom; or (ii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing);
- (gg) it acknowledges that due to anti-money laundering requirements and the countering of terrorist financing, the Joint Global Coordinators and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, the Joint Global Coordinators and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify the Joint Global Coordinators and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;
- (hh) it is entitled to acquire the Placing Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Placing Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Joint Global Coordinators or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with its acceptance of participation in the Placing;
- (ii) the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that the Joint Global Coordinators and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Placing Shares are no longer accurate, it shall promptly notify the Joint Global Coordinators and the Company;

- (jj) where it or any person acting on behalf of it is dealing with a Joint Global Coordinator, any money held in an account with such the Joint Global Coordinator, on behalf of it and/or any person acting on behalf of it, will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require such Joint Global Coordinator to segregate such money, as that money will be held by such Joint Global Coordinator under a banking relationship and not as trustee;
- (kk) any of its clients, whether or not identified to the Joint Global Coordinators will remain its sole responsibility and will not become clients of the Joint Global Coordinators for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- (ll) it accepts that the allocation of Placing Shares shall be determined by the Company, acting for itself and on behalf of the Selling Shareholders (in consultation with the Joint Global Coordinators) in its absolute discretion and that the Company may scale down any Placing commitments for this purpose on such basis as it may determine; and
- (mm) time shall be of the essence as regards its obligations to settle payment for the Placing Shares and to comply with its other obligations under the Placing.

5. ***Selling and Transfer Restrictions***

- 5.1 The distribution of this document and the offer of the Placing Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any restrictions, including those set out in paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.
- 5.2 No action has been or will be taken in any jurisdiction that would permit a public offering or sale of the Placing Shares, or possession or distribution of this document or any other offering or publicity material relating to the Placing Shares in any country or jurisdiction which action for that purpose is required or where doing so may be restricted by law. No action has been taken or will be taken in any jurisdiction that would permit a public offering or sale of the Placing Shares, or possession or distribution of this document (or any other offering or publicity material relating to the Placing Shares) in any country or jurisdiction where action for that purpose is required or doing so may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of the Placing Shares contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.
- 5.3 This document does not constitute an offer to subscribe for any of the Placing Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

United Kingdom

- 5.4 In the United Kingdom, this document is being distributed only to, and is directed only at, and any offer of the Placing Shares is directed only at qualified investors within the meaning of Article 2(e) of Regulation (EU) 2017/1129, as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019, and which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, who are also (i) persons 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 “**Order**”); (ii) persons who are high net worth companies falling within Article 49(2)(a) to (e) of the Order; or (iii) persons to whom the Placing may otherwise be lawfully communicated (all such persons together being “**relevant persons**”). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

- 5.5 No Placing Shares have been or will be offered pursuant to the Placing to the public in the United Kingdom, except that the Placing Shares may be offered to the public in the United Kingdom at any time:
- (a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
 - (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the relevant Joint Global Coordinator for any such offer; or
 - (c) in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 (the “**FSMA**”),

provided that no such offer of the Placing Shares shall require the Company or any other person to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an “**offer to the public**” in relation to the Placing Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Placing Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Ordinary Shares and the expression “**UK Prospectus Regulation**” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

European Economic Area

- 5.6 In relation to each Member State of the European Economic Area (each, a “**Relevant State**”), no offer of Placing Shares has been or will be offered pursuant to the Placing to the public in that Relevant Member State, except that the Placing Shares may be offered to the public in that Relevant State, at any time:
- (a) to any legal entity which is a qualified investor as defined in Prospectus Regulation;
 - (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Joint Global Coordinator; and/or
 - (c) in any other circumstances falling within Article 4(2) of the Prospectus Regulation,

provided that no such offer of Placing Shares shall require the Company or any other person to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplemental prospectus pursuant to Article 23 of the Prospectus Regulation. For the purpose of the above provisions, the expression “**an offer to the public**” in relation to any Placing Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Placing Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Placing Shares and, the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

United States

- 5.7 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 in the United States, and may not be offered, sold, resold, pledged, delivered, distributed or transferred, directly or indirectly, in, into or 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.
- 5.8 The Placing Shares are being offered and sold (i) outside the United States in offshore transactions (as defined in Regulation S) in accordance with Regulation S and (ii) in the United States only to persons reasonably believed to be QIBs as defined in and in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the US Securities Act.
- 5.9 In addition, until 40 days after the commencement of the offering of the Placing Shares, an offer or sale of Placing Shares in the United States by any dealer (whether or not participating in the Placing) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the US Securities Act.

5.10 Each purchaser of Placing Shares (on behalf of itself and on behalf of each investment account for which it is acting as fiduciary or agent), by accepting delivery of this document, will be deemed to have represented, warranted, agreed and acknowledged that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

- (a) 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 are subject to significant restrictions on transfer;
- (b) if the investor is outside the United States, the investor (i) is acquiring the Placing Shares in an “offshore transaction” (as defined in Regulation S) meeting the requirements of Regulation S, (ii) is acquiring the Placing Shares for investment purposes and not with a view to any further distribution of such Placing Shares, (iii) will not offer, sell or otherwise transfer any Placing Shares except in accordance with the US Securities Act and any applicable securities laws of any state or other jurisdiction of the United States, and (iv) acknowledges that the Company may not recognise any offer, sale or other transfer of the Placing Shares made other than in compliance with the above-mentioned restrictions;
- (c) if it is in the United States, it
 - (i) is a QIB acquiring the Placing Shares for its own account, or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations, warranties, undertakings, agreements and acknowledgements set forth herein;
 - (ii) is acquiring the Placing Shares for investment purposes and not with a view to any further distribution of such Placing Shares;
 - (iii) is aware and each beneficial owner of such Placing Shares has been advised that the offer and sale of the Placing Shares to it is being made in reliance on Rule 144A or another exemption from the registration requirements of the US Securities Act;
 - (iv) is aware that the Placing Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the US Securities Act;
 - (v) will not offer, sell, resell, pledge, deliver, distribute or otherwise transfer any Placing Shares except (A) to a person whom it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (B) in an “offshore transaction” meeting the requirements of Rule 903 or Rule 904 of Regulation S, (C) pursuant to an exemption from registration under the US Securities Act provided by Rule 144 thereunder (if available) or (D) pursuant to an effective registration statement under the US Securities Act and, in each case, in compliance with any applicable securities laws of any state or other jurisdiction of the United States;
 - (vi) acknowledges the Placing Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of Placing Shares;
 - (vii) will not deposit or cause to be deposited any Placing Shares into any unrestricted depository receipt facility established or maintained by a depository bank so long as such Placing Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act;
 - (viii) acknowledges that the Company may not recognise any offer, sale or other transfer of the Placing Shares made other than in compliance with the above-stated restrictions;
 - (ix) agrees that it will give to each person to whom it transfers Placing Shares notice of the above restrictions or transfer of the Placing Shares; and
 - (x) acknowledges that the Placing Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED, (THE “US SECURITIES

ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, RESOLD, PLEDGED, DELIVERED, DISTRIBUTED OR OTHERWISE TRANSFERRED EXCEPT (A) TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE US SECURITIES ACT (A “QIB”) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (B) IN AN “OFFSHORE TRANSACTION” MEETING THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE US SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT AND, IN EACH CASE, IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE US SECURITIES ACT FOR THE RESALE OF THIS SECURITY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THIS SECURITY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF SECURITIES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK;

- (d) it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Placing Shares to any persons in the United States, nor will it do any of the foregoing;
- (e) it is aware and acknowledges that the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that the Company, the Joint Global Coordinators and their respective directors, officers, agents, employees, advisors and others will rely upon the truth and accuracy of the foregoing representations and agreements; and
- (f) if any of the representations or warranties made or deemed to have been made by its subscription or purchase of the Placing Shares are no longer accurate or have not been complied with, it will immediately notify the Company and the Joint Global Coordinators, and if it is acquiring any Placing Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make, and does make, such foregoing representations, warranties and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Placing Shares may be relying on the exemption from the provisions of section 5 of the US Securities Act provided by Rule 144A.

6. Data Protection

- 6.1 Each Placee acknowledges that it has been informed that, pursuant to GDPR the Company and/or the Registrar will, hold personal data (as defined in GDPR) relating to past and present Shareholders. Personal data will be retained on record for a period exceeding seven years after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with GDPR and shall only process for the purposes set out in the Company’s privacy notice (the “**Purposes**”) which is available for consultation on the Company’s website at <https://www.victorianplumbingplc.com/privacy-policy/> (the “**Privacy Notice**”) which include to:
- (a) process its personal data to the extent and in such manner as is necessary for the performance of its obligations under its respective service contracts, including as required by or in connection with the Placee’s holding of Placing Shares, including processing personal data in connection with credit and anti-money laundering checks on it;
 - (b) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Placing Shares;
 - (c) comply with the legal and regulatory obligations of the Company and/or the Registrar; and
 - (d) process its personal data for the Registrar’s internal administration.

- 6.2 Where necessary to fulfil the Purposes, the Company will disclose personal data to:
- (a) third parties located outside of the United Kingdom if necessary for the Registrar to perform its functions, or when it is within its legitimate interests, and in particular in connection with the holding of Placing Shares; or
 - (b) its affiliates, the Registrar and their respective associates, some of which may be located outside the United Kingdom.
- 6.3 Any sharing of personal data between parties will be carried out in compliance with the GDPR and as set out in the Privacy Notice.
- 6.4 Becoming registered as a holder of Placing Shares, a person becomes a data subject (as defined under GDPR). In providing the Registrar with information, the Placee hereby represents and warrants to the Company and the Registrar that: (i) it complies in all material aspects with its data controller obligations under GDPR, and in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Privacy Notice; and (ii) where consent is legally competent and/or required under GDPR the Placee has obtained the consent of any data subject to the Company, the Registrar and their respective affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes).
- 6.5 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is a natural person he or she has read and understood the terms of the Privacy Notice.
- 6.6 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is not a natural person it represents and warrants that:
- (a) it has brought the Privacy Notice to the attention of any underlying data subjects on whose behalf or account the Placee may act or whose personal data will be disclosed to the Company as a result of the Placee agreeing to subscribe for and/or purchase Placing Shares; and
 - (b) the Placee has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.
- 6.7 Where the Placee acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Placing:
- (a) comply with all applicable data protection legislation;
 - (b) take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;
 - (c) if required, agree with the Company and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
 - (d) immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the Placee to comply with the provisions set out above.

7. **Supply and Disclosure of Information**

If the Joint Global Coordinators, the Registrar or the Company or any of their respective agents request any information about a Placee's agreement to subscribe for Placing Shares under the Placing, such Placee must promptly disclose it to them.

8. **Miscellaneous**

- 8.1 The rights and remedies of the Joint Global Coordinators, the Registrar and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 8.2 On application, if a Placee is an individual, that Placee may be asked to disclose, in writing or orally, his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose, in writing or orally, the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 8.3 Each Placee agrees to be bound by the Articles (as amended from time to time) once the Placing Shares, which the Placee has agreed to subscribe for pursuant to the Placing, have been acquired by the Placee. The contract to subscribe for Placing Shares under the Placing and the appointments and authorities mentioned in this document and all disputes and claims arising out of or in connection with its subject matter or formation (including any non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Joint Global Coordinators, the Company and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought before an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.
- 8.4 In the case of a joint agreement to subscribe for and/or acquire Placing Shares under the Placing, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 8.5 The Joint Global Coordinators and the Company expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined.

PART VIII

ADDITIONAL INFORMATION

1. The Company

- 1.1 The Company is domiciled in England and Wales and was incorporated on 6 May 2021 under the name of VIPSO Holding Limited as a private limited company. It changed its name to Victorian Plumbing Group Limited on 19 May 2021.
- 1.2 The Company subsequently re-registered as a public limited company on 15 June 2021. The liability of the members of the Company is limited.
- 1.3 The Company's registered office and principal place of business is at 22 Grimrod Place, Skelmersdale, England, WN8 9UU. The telephone number of its registered office is 0345 862 2878.
- 1.4 The principal legislation under which the Company operates, and pursuant to which its securities (including the Placing Shares) have been or will be created (as applicable), is the Act and the subordinate legislation made under it.
- 1.5 The principal activities of the Company from Admission will be to act as the holding company for the Group, whose principal activity is operating as an online retailer of bathroom fittings, fixtures and accessories. The Group's main operating subsidiary is Victorian Plumbing Limited.
- 1.6 The Company has no administrative, management or supervisory bodies other than its Board, the Remuneration Committee, the Audit Committee and the Nomination Committee, such committees having no members other than Directors.
- 1.7 Since the date of its incorporation save in connection with Admission and in particular with regards to the actions set out in paragraph 3 below, the Company has not commenced operations and has no material assets or liabilities. No financial statements for the Company have been prepared as at the date of this document.

2. Subsidiaries

The Company is the holding company of the Group. The following table contains details of the Company and its key subsidiary undertakings.

<i>Company Name</i>	<i>Company Number</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Percentage ownership (per cent)</i>
Victorian Plumbing Group plc	13379554	Holding company for the Group	England and Wales	N/A
VIPSO Ltd	12490362	Intermediate holding company for the Group	England and Wales	100
Victorian Plumbing Ltd	04079213	Trading company for the Group	England and Wales	100
VIPSO Trading Ltd	12491614	Trading company for the Group	England and Wales	100

3. Share Capital

- 3.1 The share capital history of the Company is as follows:
- 3.1.1 The Company was incorporated on 6 May 2021 with a share capital of £1.45 comprised of one ordinary share of £1.45.

3.1.2 On 27 May 2021, pursuant to a share exchange agreement entered into between the Company and the existing shareholders of VIPSO Ltd, the following shares were issued to the shareholders of VIPSO Ltd:

3.1.2.1 199,999,999 ordinary shares of £1.45 each; and

3.1.2.2 211,250,000 A ordinary shares of £0.145 each.

3.1.3 Pursuant to a special resolution of the Company passed on 27 May 2021, the 200,000,000 ordinary shares of £1.45 each and the 211,250,000 A ordinary shares of £0.145 each were sub-divided into 200,000,000 ordinary shares of £0.001 each and 211,250,000 A ordinary shares of £0.001 each and 200,000,000 ordinary deferred shares of £1.449 each and 211,250,000 A ordinary deferred shares of £0.144.

3.2 On 27 May 2021, the Company obtained shareholder approval to undertake a capital reduction in accordance with the Act and the Companies (Reduction of Share Capital) Order 2008 (SI 2008/1915) in order to provide it with additional distributable reserves. The capital reduction cancelled all of the ordinary deferred shares of £1.449 each and the A ordinary deferred shares of £0.144 each. The capital reduction became effective on 9 June 2021.

3.3 The issued share capital of the Company at the date of this document comprises:

<i>Class of share</i>	<i>Nominal value per share (£)</i>	<i>Issued and fully paid number of shares</i>
Ordinary Share	0.001	200,000,000
A Ordinary Share	0.001	211,250,000

3.4 Pursuant to a special resolution of the Company passed on 16 June 2021, and conditional upon the Placing Agreement becoming unconditional in all respects (save for any condition relating to the implementation of the Reorganisation and/or Admission), the 211,250,000 A ordinary shares of £0.001 each in issue were converted into and re-designated as 113,166,698 Ordinary Shares; and 98,083,302 Deferred Shares, each having the rights set out in the Articles (the “**Reorganisation**”).

3.5 Immediately following Admission, the aggregate nominal value of the Company’s issued share capital (including the New Ordinary Shares to be issued pursuant to the Placing) will be £422,510.78, comprising 324,427,481 ordinary shares of £0.001 each and 98,083,302 deferred shares of £0.001 each (all of which will be fully paid up or credited as fully paid up).

3.6 On 16 June 2021, the Company obtained shareholder approval for the following resolutions of the Company, in each case to be subject to and conditional upon the Placing Agreement becoming unconditional in all respects (save for any condition relating to Admission):

3.6.1 that the directors be and are hereby authorised, in accordance with section 551 of the Act, to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for, or to convert any security into, shares in the Company up to a maximum nominal amount of £6,833.31, being the total aggregate nominal amount of (i) the new ordinary shares to be allotted and issued pursuant to the Placing, (ii) the new ordinary shares issued pursuant to exercise of the options granted to Paul Meehan, and (iii) the new ordinary shares issued to James Casey and Philip Bowcock pursuant to the Restricted Share Awards;

3.6.2 that, in connection with authorities referred to in paragraph 3.6.1 above, to give the directors the authority to allot equity securities (as defined by section 560 of the Act) for cash under the authority conferred by that restriction and/or to sell ordinary shares held by the Company in connection with the authority referred to in paragraph 3.6.1 above, as if section 561 of the Act did not apply to such allotment or sale;

3.7 Also on 16 June 2021, the Company obtained shareholder approval for the following resolutions of the Company, in each case to be subject to and conditional upon Admission:

3.7.1 That the directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any securities into, shares in the Company up to an aggregate nominal amount of £108,142.50, being approximately one-third

of the Company's issued ordinary share capital immediately following Admission, for general corporate purposes, provided that such authority shall expire on the earlier of the conclusion of the first annual general meeting of the Company and fifteen months from the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require such shares to be allotted or such rights to be granted after such expiry, and the directors of the Company may allot such shares and grant such rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

3.7.2 that, the directors of the Company be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (within the meaning of section 560 of the Act) in connection with a rights issue (being an offer to holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to the respective number of ordinary shares held by them) up to an aggregate nominal amount of £216,285.00, being approximately two-thirds of the Company's issued ordinary share capital immediately following Admission, (such amount to be reduced by the extent the authority referred to in paragraph 3.7.1 above is utilised), provided that such authority shall expire on the earlier of the conclusion of the first annual general meeting of the Company and fifteen months following the date that this resolution is passed, save that the Company may before such expiry make an offer or agreement which would or might require such shares to be allotted or such rights to be granted after such expiry, and the directors of the Company may allot such shares and grant such rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

3.7.3 that, in connection with the authorities referred to in paragraphs 3.7.1 and 3.7.2, the directors of the Company be and they are hereby generally and unconditionally authorised to exercise all powers of the Company, to allot equity securities (as defined by section 560 of the Act) for cash under the authority conferred by those paragraphs and/or to sell ordinary shares held by the Company as treasury shares as if section 561 of the Act did not apply to such allotment or sale, provided that such authority shall be limited to:

3.7.3.1 the allotment of equity securities in connection with an offer of equity securities:

3.7.3.2 to ordinary shareholders in proportion (or as nearly as may be practicable) to their existing holdings; and

3.7.3.3 holders of other equity securities, if this is required by the rights of those securities or, if the directors consider it necessary, as permitted by the rights of those securities,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange;

3.7.4 the allotment, otherwise than pursuant to the authority referred to in paragraph 3.8.3 above, of equity securities up to the aggregate nominal value of £32,442.75, being approximately 10 per cent of the Company's issued ordinary share capital immediately following Admission, provided that equity securities in excess of the aggregate nominal value of £16,221.38, being approximately 5 per cent of the Company's issued ordinary share capital immediately following Admission, will be used only for the purposes of financing (or refinancing if the authority is to be used within six months after the original transaction) a transaction that the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of Admission, such power expiring at the earlier of the date of the first annual general meeting of the Company and the date which is fifteen months after the date on which this resolution was passed, save that the Company may before the end of such period make an offer or agreement which would or might require equity securities to be allotted after expiry of the power and the directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired; and

3.7.5 the allotment of equity securities in the Company in connection with the Share Incentive Schemes;

- 3.8 Also on 16 June 2021, the Company obtained shareholder approval for the following resolution of the Company, in each case to be subject to and conditional upon Admission:
- 3.8.1 that, the Company be and is hereby unconditionally and generally authorised to make market purchases (as defined in section 693(4) of the Act) of ordinary shares of £0.001 each provided that:
- 3.8.1.1 the aggregate nominal amount of ordinary shares that may be purchased is £32,442.75;
- 3.8.1.2 the minimum price (exclusive of expenses) that may be paid for each ordinary share is £0.001;
- 3.8.1.3 the maximum price (exclusive of expenses) that may be paid for each ordinary share is the higher of:
- (a) an amount equal to 105 per cent of the average middle market quotations for an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such ordinary share is contracted to be purchased; and
- (b) an amount equal to the higher price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out;
- this authority shall expire at the earlier of the date of the first annual general meeting of the Company and the date which is fifteen months after the date on which the resolution was passed, save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the authority had not expired.
- 3.9 As at the date of this document, except in connection with the issue of the New Ordinary Shares pursuant to the Placing, the Directors do not have any present intention of exercising the authorities referred to in paragraph 3.7 above other than in connection with the share incentives referred to in paragraph 8 below.
- 3.10 As at the date of this document, the Company does not have an authorised share capital and there is therefore no authorised but unissued share capital.
- 3.11 The Company does not have in issue any securities not representing share capital.
- 3.12 Save as set out in paragraph 5.2 of this Part VIII:
- 3.12.1 no share or loan capital of the Company is under option or is the subject of an agreement, conditional or unconditional, to be put under option;
- 3.12.2 no person has any preferential subscription rights for any share capital of the Company;
- 3.12.3 there are no Ordinary Shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises, and there are no arrangements in place whereby future dividends are waived or agreed to be waived;
- 3.12.4 there are no Ordinary Shares of the Company held by or on behalf of itself or any member of the Group; and
- 3.12.5 no commissions, discounts, brokerages, or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

4. Substantial Shareholders

- 4.1 As at the date of this document, save for the persons set out below, the Directors are not aware of any beneficial holding of Ordinary Shares representing three per cent or more of the Company's Enlarged Ordinary Share Capital nor, so far as the Directors are aware, are there any persons who, directly or indirectly, jointly or severally, exercise control over the Company:

Shareholder	At the date of this document ⁽¹⁾		Immediately following Admission	
	Number		Number	
	Ordinary Shares	Percentage shareholding	Ordinary Shares	Percentage shareholding
Mark Radcliffe	229,457,795	71.7%	148,379,642	45.7%
Neil Radcliffe	45,891,560	14.3%	29,675,965	9.1%
JPMorgan Asset Management (UK) Limited	–	–	16,000,000	4.9%
Kayne Anderson Rudnick Investment Management LLC	–	–	13,000,000	4.0%
Carole Radcliffe	15,297,187	4.8%	10,708,031	3.3%
Martin Stewart ⁽²⁾	15,297,187	4.8%	10,708,031	3.3%

- (1) The number of Ordinary Shares held and percentage shareholding as shown as at the date of this document takes into account the effect of the Reorganisation and assumes (i) the exercise in full of the option to acquire Ordinary Shares by Paul Meehan, further details of which are set out in paragraph 5.2 of this Part VIII, and (ii) the issue of 1,526,718 Ordinary Shares at £0.001 per share to Philip Bowcock pursuant to a Restricted Share Award, further details of which are set out in paragraph 5.3 of this Part VIII and (ii) the issue of 2,086,636 Ordinary Shares at £0.001 per share to James Casey, the Group's Business Development Director, pursuant to a Restricted Share Award, further details of which are set out in paragraph 5.7 of this Part VIII. The range of percentages reflects the potential effect of the conversion of the existing A ordinary shares into Ordinary Shares and Deferred Shares that will be determined by reference to the Placing Price and which will be conditional on Admission. The final admission document, when published, will contain the exact percentage shareholding as at the date of that document on the assumptions set out in this note.
- (2) Martin Stewart, who has held various finance roles with the Group since 2004, has entered into an agreement in relation to his shares that is substantially similar to the agreement entered into by each senior manager and which is summarised in paragraph 5.6 of this Part VIII.

- 4.2 The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.
- 4.3 The Ordinary Shares held by the Shareholders set out in paragraph 4.1 above rank pari passu with all other Ordinary Shares and, in particular, have no different voting rights than other Shareholders. Following the Placing and Admission, no major Shareholders will have different voting rights to other Shareholders.

5. Directors' Interests

- 5.1 The beneficial interests of the Directors and connected persons (within the meaning of section 252 and 253 of the Act) in the Ordinary Shares immediately prior and immediately following Admission are expected to be as follows:

Director	At the date of this document ⁽¹⁾		Immediately following Admission	
	Number		Number	
	Ordinary Shares	Percentage shareholding	Ordinary Shares	Percentage shareholding
Philip Bowcock	1,526,718	0.5%	1,526,718	0.5%
Mark Radcliffe	229,457,795	71.7%	148,379,642	45.7%
Paul Meehan	3,219,948	1.0%	1,717,520	0.5%
Damian Sanders	–	–	–	–
Kath Smith	–	–	–	–

- (1) The number of Ordinary Shares held and percentage shareholding as shown as at the date of this document takes into account the effect of the Reorganisation and assumes (i) the exercise in full of the option to acquire Ordinary Shares by Paul Meehan, further details of which are set out in paragraph 5.2 of this Part VIII, and (ii) the issue of 1,526,718 Ordinary Shares at £0.001 per share to Philip Bowcock pursuant to a Restricted Share Award, further details of which are set out in paragraph 5.3 of this Part VIII and (ii) the issue of 2,086,636 Ordinary Shares at £0.001 per share to James Casey pursuant to a Restricted Share Award, further details of which are set out in paragraph 5.7 of this Part VIII. The range of percentages reflects the potential effect of the conversion of the existing A ordinary shares into Ordinary Shares and Deferred Shares that will be determined by reference to the Placing Price and which will be conditional on Admission. The final admission document, when published, will contain the exact percentage shareholding as at the date of that document on the assumptions set out in this note.

- 5.2 Under the terms of an option deed dated 9 March 2021 between VIPSO Ltd and Paul Meehan, Mr. Meehan was granted an option to acquire 8 ordinary shares of £1 each in the capital of VIPSO Ltd (representing 1 per cent of the issued ordinary share capital of VIPSO Ltd at that date) and 9 A ordinary shares of £0.10 each in the capital of VIPSO Ltd (representing approximately 1 per cent of the issued A ordinary share capital of VIPSO Ltd at that date) at an exercise price of £1 per share. The options are exercisable on Admission. The option deed provided that if a company acquired all of the issued share capital of VIPSO Ltd, Mr. Meehan would release the option in exchange for an equivalent option in such company. Accordingly, on 16 June 2021, Mr Meehan released VIPSO Ltd from the option granted on 9 March 2021 in exchange for option to acquire 2,000,000 ordinary shares of £0.001 each in the capital of the Company (representing 1 per cent of the issued ordinary share capital of VIPSO Ltd at that date) and 2,250,000 A ordinary shares of £0.001 each in the capital of the Company (representing approximately 1 per cent of the issued A ordinary share capital of the Company at that date) at an exercise price of £0.001 per share. The options were exercised by Mr. Meehan on 16 June 2021 and will be issued to him as part of the Reorganisation described in paragraph 3.4 of this Part VIII. Under the terms of the option deed, the Company has agreed to be liable for any employer's national insurance contributions arising as a result of the option.

Mr Meehan will be permitted to sell up to 70 per cent of the Existing Ordinary Shares to be issued to him on exercise of the option in part to satisfy the tax liability arising on exercise. The remaining shares are subject to a restriction that if Mr Meehan ceases to be employed by any member of the Group (other than in certain limited circumstances), then he will forfeit and surrender to the Company for no value any such shares over which such restriction remains (unless permitted to retain such shares in the absolute discretion of Mr. Mark Radcliffe). The restriction will be removed in three tranches on each anniversary of Admission until the third anniversary of Admission. The restriction will also automatically be removed immediately upon Mark Radcliffe ceasing to be a director of the Company or upon a takeover offer for the Company becoming or being declared unconditional in all respects or a scheme of arrangement having been sanctioned by a court in accordance with section 899 of the Act. Under the terms of the restricted share award, the Company has agreed to be liable for any employer's national insurance contributions arising as a result of the restricted share award.

- 5.3 Under the terms of a restricted share award dated 14 June 2021, the Company has agreed, conditional upon Admission, to issue to Philip Bowcock 1,526,718 Ordinary Shares, equating to £4.0 million at the Placing Price, at a price of £0.001 per share. The shares are subject to a restriction that if Mr Bowcock ceases to serve as the non-executive Chair of the Company for any reason other than (i) death, (ii) injury, ill-health or disability (subject to certain exceptions) evidenced to the satisfaction of the board of directors of the Company, (iii) retirement by agreement with the Company, (iv) Mr. Mark Radcliffe becoming chair of the Board, (v) Mark Radcliffe and other Radcliffe family members or any persons acting in concert with them exercising their voting rights to remove Mr Bowcock as a director or requesting his resignation or removal or (vi) otherwise in the Board's absolute discretion, then he will forfeit and surrender to the Company for no value any such shares over which such restriction remains. The restriction will be removed in four equal tranches on each anniversary of Admission. If (v) above applies, the restriction over the relevant number of shares that would have been removed on the next anniversary of Admission will be removed if the event occurs after six months of the preceding anniversary. If the event occurs on or within six months after that preceding anniversary, the shares will be forfeited.

The restriction will also automatically be removed immediately upon a takeover offer for the Company becoming or being declared unconditional in all respects or a scheme of arrangement having been sanctioned by a court in accordance with section 899 of the Act. Under the terms of the restricted share award, the Company has agreed to be liable for any employer's national insurance contributions arising as a result of the restricted share award.

- 5.4 None of the Directors (nor any member of their families) has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.

- 5.5 The beneficial interests of the senior managers named in paragraph 10 of Part I of this document and those persons connected with them (within the meaning of section 252 and 253 of the Act) in the Ordinary Shares immediately prior and immediately following Admission are expected to be as follows:

<i>Senior Manager</i>	<i>At the date of this document⁽¹⁾</i>		<i>Immediately following Admission</i>	
	<i>Number</i>		<i>Number</i>	
	<i>Ordinary Shares</i>	<i>Percentage shareholding</i>	<i>Ordinary Shares</i>	<i>Percentage shareholding</i>
Neil Radcliffe	45,891,560	14.3%	29,675,965	9.1%
Stephnie Judge	2,889,188	0.9%	2,455,810	0.8%
Joe Pascoe	1,926,125	0.6%	1,540,900	0.5%
Leighan Mason	2,407,656	0.8%	2,287,273	0.7%
Richard Monaghan	–	–	–	–

- (1) The number of Ordinary Shares held and percentage shareholding as shown as at the date of this document takes into account the effect of the Reorganisation and assumes the exercise in full of the option to acquire Ordinary Shares by Paul Meehan, further details of which are set out in paragraph 5.2 of this Part VIII, and (i) the issue of 1,526,718 Ordinary Shares at £0.001 per share to Philip Bowcock pursuant to a Restricted Share Award, further details of which are set out in paragraph 5.3 of this Part VIII and (ii) the issue of 2,086,636 Ordinary Shares at £0.001 per share to James Casey pursuant to a Restricted Share Award, further details of which are set out in paragraph 5.6 of this Part VIII. The range of percentages reflects the potential effect of the conversion of the existing A ordinary shares into Ordinary Shares and Deferred Shares that will be determined by reference to the Placing Price and which will be conditional on Admission. The final admission document, when published, will contain the exact percentage shareholding as at the date of that document on the assumptions set out in this note.

- 5.6 Pursuant to agreements with the Company dated 11 June 2021, each senior manager referred to in paragraph 5.5 who owns Existing Ordinary Shares has agreed in respect of such shares to a restriction that if the relevant senior manager ceases to be employed by any member of the Group (other than in certain limited circumstances), then that senior manager will forfeit and surrender to the Company for no value any such Existing Ordinary Shares over which such restriction remains (unless permitted to retain such shares in the absolute discretion of Mr. Mark Radcliffe). The restriction will be removed in respect of up to 30 per cent of their Existing Ordinary Shares on Admission with the balance being removed in five tranches of different proportions on each anniversary of Admission until the fifth anniversary of Admission. The restriction will also automatically be removed immediately upon Mark Radcliffe ceasing to be a director of the Company or upon a takeover offer for the Company becoming or being declared unconditional in all respects or a scheme of arrangement having been sanctioned by a court in accordance with section 899 of the Act.
- 5.7 Under the terms of a restricted share award dated 11 June 2021, the Company has agreed, conditional upon Admission, to issue to James Casey, the Group's Business Development Director, 2,086,636 Ordinary Shares at a price of £0.001 per share. The shares are subject to a restriction that if Mr Casey ceases to be employed by any member of the Group (other than in certain limited circumstances), then he will forfeit and surrender to the Company for no value any such shares over which such restriction remains (unless permitted to retain such shares in the absolute discretion of Mr. Mark Radcliffe). The restriction will be removed in respect of 10 per cent of Mr Casey's award shares on Admission with the balance being removed in five tranches of different proportions on each anniversary of Admission until the fifth anniversary of Admission. The restriction will also automatically be removed immediately upon Mark Radcliffe ceasing to be a director of the Company or upon a takeover offer for the Company becoming or being declared unconditional in all respects or a scheme of arrangement having been sanctioned by a court in accordance with section 899 of the Act. Under the terms of the restricted share award, the Company has agreed to be liable for any employer's national insurance contributions arising as a result of the restricted share award.
- 5.8 The voting rights of the Shareholders set out in paragraph 5.1 above do not differ from the voting rights held by other Shareholders.

6. Directors' Service Agreements and Letters of Appointment

6.1 Set out below are details of the terms and conditions governing the service agreements between the Company and its executive directors:

6.1.1 Mark Radcliffe, Chief Executive Officer

6.1.1.1 The Company entered into a new service agreement with Mark Radcliffe dated 16 June 2021, under which he is employed as Chief Executive Officer at a salary of £250,000 per annum and is eligible for an annual discretionary bonus of an amount up to 100 per cent of annual salary. He is entitled to employer pension contributions of no less than 3 per cent of annual salary (or cash in lieu) and participates in the Group's private family medical cover, life assurance, and family dental insurance schemes, together with 25 days' paid holiday plus the usual bank holidays. Other plans, such as long-term incentive plans, deferred bonus plans or share incentive plans may operate from time to time but are subject to the decision of the Board.

6.1.1.2 The service agreement is terminable on six months' written notice by either party. The Company reserves the right to summarily dismiss the employee for reasons including gross misconduct and serious or wilful or (after warning) persistent breach of the service agreement, or any material breach of MAR.

6.1.1.3 The service agreement contains gardening leave and payment in lieu of notice clauses and a robust confidentiality clause which applies during the employment and post termination. Mark Radcliffe is subject to post-termination of employment restrictions on certain competitive activities.

6.1.2 Paul Meehan, Chief Financial Officer

6.1.2.1 The Company entered into a new service agreement with Paul Meehan dated 16 June 2021, under which he is employed as Chief Financial Officer at a salary of £315,000 per annum and is eligible for an annual discretionary bonus of an amount up to 100 per cent of annual salary. He is entitled to employer pension contributions of no less than 3 per cent of annual salary (or cash in lieu) and participates in the Group's private family medical cover, life assurance, and family dental insurance schemes, together with 25 days' paid holiday plus the usual bank holidays. Other plans, such as long-term incentive plans, deferred bonus plans or share incentive plans may operate from time to time but are subject to the decision of the Board.

6.1.2.2 The service agreement is terminable on six months' written notice by either party. The Company reserves the right to summarily dismiss the employee for reasons including gross misconduct and serious or wilful or (after warning) persistent breach of the service agreement, or any material breach of MAR.

6.1.2.3 The service agreement contains gardening leave and payment in lieu of notice clauses and a robust confidentiality clause which applies during the employment and post termination. Paul Meehan is subject to post-termination of employment restrictions on certain competitive activities.

6.1.2.4 Pursuant to the terms of an offer letter dated 2 December 2020 and his prior service agreement with the Company dated 9 March 2021, Mr. Meehan was granted an option to acquire ordinary shares in the Company, further details of which are set out in paragraph 5.2 of this Part VIII, and to a bonus of £105,000 on Admission.

6.2 Each Independent Non-Executive Director has entered into a letter of appointment with the Company pursuant to which they were appointed as an Independent Non-Executive Director on 16 June 2021. The letters of appointment provide for payment of annual remuneration for each of the Independent Non-Executive Directors as follows:

6.2.1 Philip Bowcock (Chair) – £150,000;

6.2.2 Damian Sanders – £60,000; and

6.2.3 Kath Smith – £60,000

6.3 The fees payable to the Non-Executive Directors cover all duties, including any service on board committees and/or the board of any Group Company. The letters of appointment are terminable on

three months' notice by either party. The Non-Executive Directors are subject to confidentiality restrictions following termination.

- 6.4 The aggregate remuneration paid or payable by any company in the Group (including benefits in kind) to Mark Radcliffe during the year ended 30 September 2020 was £24,000. No other Director was a director of any member of the Group during the year ended 30 September 2020. The aggregate estimated remuneration paid or payable to the Directors by all companies in the Group for the financial year ending 30 September 2021 under the arrangements in force is expected to amount to approximately £564,000.
- 6.5 Save as disclosed in this Part VIII, there are no service contracts, existing or proposed, between any Director and the Company and no service contract has been entered into or amended by the Company in the six months prior to the date of this document.
- 6.6 There are no outstanding loans or guarantees provided by any member of the Group for the benefit of any of the Directors.

7. Additional Information on the Board

- 7.1 The following table sets out the age and commencement date of each of the Directors:

<i>Name</i>	<i>Age</i>	<i>Commencement Date</i>
Philip Bowcock	53	16 June 2021
Mark Radcliffe	42	6 May 2021
Paul Meehan	57	6 May 2021
Damian Sanders	56	16 June 2021
Kath Smith	64	16 June 2021

- 7.2 The Directors hold or have held the following directorships in companies (other than the Company and Group Companies) incorporated in the United Kingdom and overseas (as the case may be) within the five years prior to the date of this document:

<i>Name</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
Philip Bowcock	Foxdales Consulting Ltd	Countrywide Limited William Hill Limited William Hill Organization Limited Will Hill Limited Premier Bookmakers Limited WHG Services Limited William Hill Holdings Limited Grand Parade Limited William Hill Credit Limited William Hill Finance Limited William Hill Investments Limited Willstan Properties Limited Deluxe Online Limited
Mark Radcliffe	Radcliffe Property Management Limited Coral Phones Limited	
Paul Meehan		Classic Package Holidays Limited Saxon House Properties Limited Classic Collection Holidays, Travel & Leisure, Limited Classic Collection Holidays Limited Classic Collection Aviation Limited Sunshine.Co.UK Limited On The Beach Holidays Limited On The Beach Topco Limited

<i>Name</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
		On The Beach Beds Limited On The Beach Limited On The Beach Trustees Limited On The Beach Group Plc On The Beach Travel Limited On The Beach Bidco Limited
Damian Sanders	Cineworld Group Plc THG Plc Panther Topco Limited	Deloitte LLP Deloitte NSE LLP
Kath Smith	Kath Smith Consultancy Limited JD Sports Fashion Plc	

7.3 None of the Directors are, nor have been within the five years prior to the publication of this document, partners in any partnerships.

7.4 No Director has:

7.4.1 any unspent convictions in relation to indictable offences;

7.4.2 had a bankruptcy order made against him or her or entered into an individual voluntary arrangement;

7.4.3 been a director of a company which was placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration or company voluntary arrangement or which entered into any composition or arrangement with its creditors generally or any class of its creditors whilst he or her was a director of that company or within the 12 months after he ceases to be a director of that company;

7.4.4 been a partner in any partnership placed into compulsory liquidation, administration or partnership voluntary arrangement where such director was a partner at the time of or within the 12 months preceding such event;

7.4.5 been subject to the receivership of any asset of such director or of a partnership of which the director was a partner at the time of or within 12 months preceding such event; or

7.4.6 received public criticisms by statutory or regulatory authorities (including designated professional bodies) and no director has been disqualified from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

7.5 No Director has been interested in any transaction with the Company which was unusual in its nature or conditions or significant to the business of the Company during the current financial year which remains outstanding or unperformed.

7.6 The Group operates from properties that are owned by companies/other entities where Mark Radcliffe and Neil Radcliffe, or in certain instances their connected persons, have a significant interest, details of which are set out in the table below:

<i>Property</i>	<i>Company/Entity</i>	<i>Annual Rent</i>
Units 1 – 4 Pimbo Point, Potters Place, Skelmersdale	Radcliffe Property Management Limited	£190,000
Unit 41, Stephenson Way, Formby, Merseyside	Radcliffe Property Management Limited	£80,000
22 Grimrod Place, Skelmersdale	Radcliffe Property Management Limited	£289,000

8. Employee Share Plans

8.1 Overview of the new Employee Share Plans

The Company intends to operate two discretionary executive share plans ("The Victorian Plumbing Long Term Incentive Plan" (the "**LTIP**") and "The Victorian Plumbing Deferred Bonus Plan" (the "**DBP**")) and

two all-employee share incentive plans: the “The Victorian Plumbing Share Incentive Plan” (the “**SIP**”), and the “The Victorian Plumbing Savings Related Share Option Scheme” (the “**SAYE Scheme**”).

A reference in this paragraph 8 to the Board includes any designated committee of the Board. Information on the principal features of the LTIP, the DBP, the SIP and the SAYE Scheme (together, the “**Employee Share Plans**”) are summarised below.

8.2 **The LTIP**

The LTIP was adopted by the Board on 16 June 2021 conditional on Admission.

Status

The LTIP is a discretionary executive share plan. Under the LTIP, the Board, the trustee of an employee benefit trust established by a Group company or a duly authorised person (the “Grantor”) may, within certain limits and subject to any applicable performance conditions, grant to eligible employees (i) options over Ordinary Shares (“**LTIP Options**”), (ii) conditional awards (i.e. a conditional right to acquire Ordinary Shares) (“**LTIP Conditional Awards**”) and/or (iii) Ordinary Shares which are subject to restrictions and the risk of forfeiture (“**LTIP Restricted Shares**”). No payment is required for the grant of an LTIP Award (unless the Board determines otherwise).

Eligibility

All employees (including Executive Directors) of the Group are eligible for selection to participate in the LTIP at the discretion of the Grantor, provided that (unless the Board determines otherwise) they have not given or received notice of termination.

Grant of LTIP Awards

It is anticipated that the first grant of LTIP Awards will be made on or shortly after the preliminary announcement of the Group’s results for the financial year ending 30 September 2021, to the CEO, the CFO and up to approximately 25 further senior employees of the Group. For the first grant of LTIP Awards, the Board reserves the right to calculate market value by reference to the Placing Price. The initial grant of LTIP Awards will be over Ordinary Shares with a market value of 150 per cent of base salary for the CEO, CFO and 100 per cent of base salary for members of the Executive Committee. The first grant of LTIP Awards shall be subject to performance conditions, which shall be set by the Remuneration Committee.

LTIP Awards may be granted during at any time, except where this is prevented by any dealing restrictions.

No LTIP Awards may be granted more than 10 years from the date when the LTIP was adopted.

Performance and other conditions

The Board may impose performance conditions on the vesting of LTIP Awards. Where performance conditions are specified for LTIP Awards, the performance measurement period for such conditions will ordinarily be three years. It is intended that the majority of LTIP Awards shall be subject to performance conditions.

Any performance conditions applying to LTIP Awards may be varied, substituted or waived if the Grantor considers it appropriate, provided the Grantor considers that the new performance conditions are reasonable and are not materially less or more difficult to satisfy than the original conditions (except in the case of waiver).

Vesting

LTIP Awards will normally vest on the third anniversary of the date of grant to the extent that any applicable performance conditions have been satisfied. LTIP Options which have vested will normally remain exercisable following vesting for the period set by the Grantor not exceeding 10 years from grant.

The Grantor retains discretion to adjust the level of vesting upwards or downwards if in its opinion the level of vesting resulting from the application of applicable performance conditions is not a fair and accurate reflection of business performance.

Malus

The Board may decide, at the vesting of LTIP Awards or at any time before, that the number of Ordinary Shares subject to a participant's LTIP Award shall be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- (a) discovery of a material misstatement resulting in an adjustment in the historical audited accounts of the Group or any Group company;
- (b) the assessment of any performance target or condition in respect of an LTIP Award was based on error, or inaccurate or misleading information;
- (c) the discovery that any information used to determine the number of Ordinary Shares subject to an LTIP Award was based on error, or inaccurate or misleading information; or
- (d) action or conduct of a participant which amounts to fraud or gross misconduct.

Clawback

The Board may apply clawback to all or part of a participant's LTIP Award in substantially the same circumstances as apply to malus (as described above) during the period of two years following the vesting of an LTIP Award. Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares, payment of cash or reduction of awards.

Cessation of employment

Except in certain circumstances set out below, an LTIP Award will lapse immediately upon a participant ceasing to be employed by or holding office with the Group.

However, if a participant so ceases because of a good leaver reason as specified in the LTIP rules (including death, ill health, disability, redundancy, retirement or transfer of employment), their LTIP Award will ordinarily vest on the date when it would have vested if they had not so ceased to be a Group employee or director, subject to the satisfaction of any applicable performance conditions measured over the original performance period and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between the grant of the LTIP Award and the participant's cessation of employment as a proportion of the normal vesting period.

If a participant ceases to be a Group employee or director for a good leaver reason, the Board can alternatively decide that their LTIP Award will vest early when they leave. If a participant dies, a proportion of their LTIP Award will normally vest on the date of their death, unless the Board determines otherwise. The extent to which an LTIP Award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the period of time the LTIP Award has been held and the extent to which any applicable performance conditions have been satisfied at the date of cessation of employment and the operation of malus or clawback. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between the grant of the LTIP Award and the participant's cessation of employment as a proportion of the normal vesting period.

To the extent that LTIP Options vest for a good leaver reason, they may be exercised for a period of six months following vesting (or such longer period as the Board determines). To the extent that LTIP Options vest following death of a participant, they may normally be exercised for a period of 12 months following death (or such longer period as the Board determines).

Corporate events

In the event of a takeover, compulsory acquisition of Ordinary Shares, scheme of arrangement, or winding-up of the Company, LTIP Awards will vest early. The proportion of the LTIP Awards which vest shall be determined by the Board taking into account, among other factors, the period of time the LTIP Award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time.

To the extent that LTIP Options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company they may be exercised for a period of six months measured from the relevant event

(or in the case of a takeover, such longer period as the Board determines) and will otherwise lapse at the end of that period. To the extent that LTIP Options vest in the event of a compulsory acquisition of Ordinary Shares, they may be exercised during the period beginning with the date on which a notice is served under section 979 of the Companies Act 2006 and ending seven clear days before entitlement to serve such notice ceases.

In the event of a demerger, distribution or any other corporate event, the Board may determine that LTIP Awards shall vest, to the extent determined by the Board taking into account the same factors as set out above. LTIP Options that vest in these circumstances may be exercised during such period as the Board determines.

The Board may, in its discretion, allow LTIP Awards to vest prior to and conditional upon the occurrence of any of the events set out above and an LTIP Option will then lapse on the occurrence of the event if not exercised prior to the event.

If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that LTIP Awards will not vest but that the unvested portion of the LTIP Awards will be replaced by equivalent new awards over shares in the new acquiring company.

Variation of capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to LTIP Awards, including the number of Ordinary Shares subject to LTIP Awards and the option exercise price (if any), as it considers to be fair and reasonable.

Dividend equivalents

The Board may decide in respect of any LTIP Award that participants will receive a payment (in cash and/or additional Ordinary Shares) equal in value to any dividends that would have been paid on the Ordinary Shares which vest under that award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

Alternative settlement

At its discretion, the Board may decide to satisfy LTIP Awards with a payment in cash or Ordinary Shares equal to any gain that a participant would have made had the relevant award been satisfied with Ordinary Shares.

Rights attaching to Ordinary Shares

Except in relation to the award of Ordinary Shares subject to restrictions, Ordinary Shares issued and/or transferred under the LTIP will not confer any rights on any participant until the relevant LTIP Conditional Award has vested or the relevant LTIP Option has been exercised and the participant in question has received the underlying Ordinary Shares. Any Ordinary Shares allotted when an LTIP Option is exercised or an LTIP Award vests will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue). A participant awarded Ordinary Shares subject to restrictions shall have the same rights as a holder of Ordinary Shares in issue at the time that the participant acquires the Ordinary Shares, save to the extent set out in the agreement with the participant relating to those Ordinary Shares.

8.3 **The DBP**

The DBP was adopted by the Board on 16 June 2021.

The DBP incorporates the Company's senior manager bonus scheme as well as a mechanism for the deferral of a proportion of the annual bonus into awards over Shares.

Status

The DBP is both a cash bonus plan and a discretionary employee share plan under which a proportion of a participant's annual bonus is deferred into an award over Shares. Under the DBP, the Board may,

within certain limits, grant to eligible employees deferred awards over Shares taking the form of (i) nil cost options over Shares (“**DBP Options**”) and/or (ii) conditional awards (i.e. a conditional right to acquire Shares), (together, “**DBP Awards**”). In any financial year, any employees participating in the DBP will not be able to participate in the LTIP.

Eligibility

All employees of the Group are eligible for selection to participate in the DBP at the discretion of the Board.

Grant of DBP Awards

Participants selected to participate in the DBP for a financial year of the Company will be eligible to receive an annual bonus subject to satisfying performance conditions and targets set for the financial year. The Board may determine that a proportion of a participant’s annual bonus will be deferred into a DBP Award, this will usually be between 40 and 60 per cent. of the bonus opportunity but may be such other proportion as the Board may determine in its absolute discretion.

The Board will determine the annual cash bonus to be delivered following the end of the relevant financial year.

No DBP Awards may be granted more than 10 years from the date when the DBP was adopted.

Malus

The Board may decide (i) at the time of payment of a cash bonus or at any time before to reduce the amount of the bonus (including to nil) and/or (ii) at the vesting of DBP Award or any time before and in the two years following vesting, that the number of Shares subject to a DBP Award shall be reduced (including to nil) on such basis that the Board in its discretion considers to be fair and reasonable in the following circumstances:

- (a) discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company;
- (b) the assessment of any performance condition or condition in respect of a DBP Award was based on error, or inaccurate or misleading information;
- (c) the discovery that any information used to determine the number of Ordinary Shares subject to a DBP Award was based on error, or inaccurate or misleading information; or
- (d) action or conduct of a participant which, in the reasonable opinion of the Board, amounts to fraud or gross misconduct.

Clawback

The Board may apply clawback to all or part of a participant’s DBP Award in substantially the same circumstances as apply to malus (as described above) during the period of two years following the vesting of an DBP Award. Clawback may be effected, among other means, by requiring the transfer of Ordinary Shares, payment of cash or reduction of awards.

Vesting and exercise

The share element of the DBP Awards will normally vest following a minimum holding period of two years to the extent permitted following any operation of malus or clawback. DBP Options will normally remain exercisable for a period determined by the Board at grant which shall not exceed 10 years from the date of grant.

In the event that a corporate event occurs as described below, a participant will be eligible to receive a bonus as soon as practicable after the relevant event, the amount of which shall be determined by the Board taking into account the performance conditions and targets. The value of the bonus will be pro-rated to reflect the reduced period of time between the start of the financial year and the relevant corporate event as a proportion of the relevant financial year unless the Board otherwise decides.

Cessation of employment

Except in certain circumstances, a DBP participant who ceases to be employed by or hold office with the Group before the bonus determination is made will cease to be eligible to receive a bonus, unless the board determines otherwise that he will remain eligible for a bonus. The performance conditions and targets will be considered and the bonus will be deliverable in the same way and at the same time as if the individual had not ceased to be employed or hold office with the Group, unless the Board otherwise decides, although the value of the bonus will be pro-rated to reflect the reduced period of time between the start of the financial year and the participant's cessation of employment as a proportion of that financial year.

In respect of a DBP Award, if a participant ceases to be employed by or hold office with the Group for any reason his DBP Award will ordinarily lapse unless the Board decided otherwise. In addition, unless the Board decides otherwise, both the award and vesting will be pro-rated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period.

For all other participants ceasing to be employed by or holding office with the Group, their DBP Award will lapse immediately on cessation.

Corporate events

In the event of a takeover, scheme of arrangement or winding-up of the Company, the DBP Awards will vest in full.

To the extent that DBP Options vest in the event of a takeover, scheme of arrangement or winding-up of the Company they may be exercised for a period of 6 months measured from the relevant event (or in the case of takeover such longer period as the Board determines) and will otherwise lapse at the end of that period. If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that DBP Awards will not vest or lapse but will be replaced by equivalent new awards over shares in the new acquiring company.

Variation of capital

If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to DBP Awards, including the number of Ordinary Shares subject to DBP Awards and the option exercise price (if any), as it considers to be fair and reasonable.

Dividend equivalents

The Board may decide in respect of any DBP Award that participants will receive a payment (in cash and/or additional Ordinary Shares) equal in value to any dividends that would have been paid on the Ordinary Shares which vest under that award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

Alternative settlement

At its discretion, the Board may decide to satisfy DBP Awards with a payment in cash or Ordinary Shares equal to any gain that a participant would have made had the relevant award been satisfied with Ordinary Shares.

8.4 **SIP**

The SIP was adopted by the Board on 16 June 2021 conditional on Admission.

Status

The SIP is an all-employee share ownership plan which has been designed to meet the requirements of Schedule 2 of the Income Tax (Earnings and Pensions) Act 2003 so that Ordinary Shares can be provided to UK employees under the SIP in a tax-efficient manner.

Under the SIP, eligible employees may be: (i) awarded up to £3,600 worth of free Ordinary Shares (“**SIP Employee Free Shares**”) each year; (ii) offered the opportunity to buy Ordinary Shares with a value of up to the lower of £1,800 and 10 per cent of the employee’s pre-tax salary a year (“**Partnership Shares**”); (iii) given up to two free Ordinary Shares (“**Matching Shares**”) for each Partnership Share bought; and/or (iv) allowed or required to purchase Ordinary Shares using any dividends received on Ordinary Shares held in the SIP (“**Dividend Shares**”). The Board may determine that different limits shall apply in the future should the relevant legislation change in this respect.

SIP Trust

The SIP operates through a UK resident trust (the “**SIP Trust**”). The trustee of the SIP Trust purchases or subscribes for Ordinary Shares that are awarded to or purchased on behalf of participants in the SIP. A participant will be the beneficial owner of any Shares held on their behalf by the trustee of the SIP Trust. Any Ordinary Shares held in the SIP Trust will rank equally with Ordinary Shares then in issue.

If a participant ceases to be in relevant employment, they will be required to withdraw their SIP Employee Free Shares, Partnership Shares, Matching Shares and Dividend Shares from the SIP Trust (or the SIP Employee Free Shares and Matching Shares may be forfeited as described below).

Eligibility

Each time that the Board decides to operate the SIP, all eligible UK resident tax-paying employees of the Company and its subsidiaries participating in the SIP must be offered the opportunity to participate. Other employees may be permitted to participate. Participants invited to participate must have completed a minimum qualifying period of employment before they can participate, as determined by the Board in relation to any award of Ordinary Shares under the SIP which may be different for each type of award from time to time. In the case of SIP Employee Free Shares (and, in certain circumstances, Partnership Shares and Matching Shares) that period must not exceed 18 months or, in certain other circumstances and only in the case of Partnership Shares or Matching Shares, six months.

SIP Employee Free Shares

Up to £3,600 worth of SIP Employee Free Shares may be awarded to each employee in a tax year. SIP Employee Free Shares must be awarded on the same terms to each employee, but the number of SIP Employee Free Shares awarded can be determined by reference to the employee’s remuneration, length of service, number of hours worked and, if the Company so chooses, the satisfaction of performance targets based on business results or other objective criteria. There is a holding period of between three and five years (the precise duration to be determined by the Board) during which the participant cannot withdraw the SIP Employee Free Shares from the SIP Trust (or otherwise dispose of the SIP Employee Free Shares) unless the participant leaves relevant employment.

The Board, at its discretion, may provide that the SIP Employee Free Shares will be forfeited if the participant leaves relevant employment other than in the circumstances of injury, disability, redundancy, retirement, by reason of a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006 or if the relevant employee’s employer ceases to be an associated company (each a “**SIP Good Leaver Reason**”) or on death. Forfeiture can only take place within three years of the SIP Employee Free Shares being awarded.

Partnership Shares

The Board may allow an employee to use pre-tax salary to buy Partnership Shares. The maximum limit is the lower of £1,800 or 10 per cent of pre-tax salary in any tax year. The minimum salary deduction permitted, as determined by the Board, must be no greater than £10 on any occasion. The salary allocated to Partnership Shares can be accumulated for a period of up to 12 months (the “**Accumulation Period**”) or Partnership Shares can be purchased out of deductions from the participant’s pre-tax salary when those deductions are made. A participant and the Company may agree to vary the amount of salary deductions and the intervals of those deductions. If there is an Accumulation Period, the number of Ordinary Shares purchased shall be determined by dividing the participant’s aggregate pay deducted during the Accumulation Period by the market value of the Partnership Shares.

Once acquired, Partnership Shares may be withdrawn from the SIP by the participant at any time.

Matching Shares

The Board may, at its discretion, offer Matching Shares free to an employee who has purchased Partnership Shares. If awarded, Matching Shares must be awarded on the same basis to all participants up to a maximum of two Matching Shares for every Partnership Share purchased (or such other maximum as may be provided by statute). There is a holding period of between three and five years (the precise duration to be determined by the Board) during which the participant cannot withdraw the Matching Shares from the SIP Trust unless the participant leaves relevant employment.

The Board, at its discretion, may provide that the Matching Shares will be forfeited if the participant leaves relevant employment other than for a SIP Good Leaver Reason or on death or if the related Partnership Shares are withdrawn from the SIP. Forfeiture can only take place within three years of the Matching Shares being awarded.

Re-investment of dividends

The Board may allow or require a participant to re-invest the whole or part of any dividends paid on Ordinary Shares held in the SIP. Dividend Shares must be held in the SIP Trust for no less than three years.

Corporate events

In the event of a general offer for the Company (or a similar takeover event taking place) during a holding period, participants will be able to direct the trustee of the SIP Trust as to how to act in relation to their Ordinary Shares held in the SIP. In the event of a corporate re-organisation, any Ordinary Shares held by participants may be replaced by equivalent shares in a new holding company.

Variation of capital

Ordinary Shares acquired on a variation of share capital of the Company will usually be treated in the same way as the Ordinary Shares acquired or awarded under the SIP, in respect of which the rights were conferred and as if they were acquired or awarded at the same time.

Rights attaching to Ordinary Shares

Any Ordinary Shares allotted under the SIP will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

8.5 **SAYE Scheme**

The SAYE Scheme was adopted by the Board on 16 June 2021 conditional on Admission.

Status

The SAYE Scheme is an all-employee savings related share option plan which has been designed to meet the requirements of Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003 so that Ordinary Shares can be acquired by UK employees in a tax-efficient manner.

Eligibility

Each time that the Board decides to operate the SAYE Scheme, all UK resident tax-paying employees of the Company and its subsidiaries participating in the SAYE Scheme must be offered the opportunity to participate. Other employees may be permitted to participate. Participants invited to participate must have completed a minimum qualifying period of employment (which may be up to five years) before they can participate, as determined by the Board in relation to any award of an option under the SAYE Scheme.

Savings contract and grant of option

In order to participate in the SAYE Scheme, an employee must enter into a linked savings contract with a bank or building society to make contributions from salary on a monthly basis over a three or five year period. A participant who enters into a savings agreement is granted an option to acquire Ordinary Shares under the SAYE Scheme ("**SAYE Option**").

The number of Ordinary Shares over which a SAYE Option may be granted is limited to the number of Ordinary Shares that may be acquired at the SAYE Option exercise price out of the proceeds of the linked savings contract. The exercise price per Ordinary Share shall be the amount determined

by the Board which shall not be materially less than 80 per cent (or such other percentage as is permitted by the applicable legislation) of the market value of an Ordinary Share on the date specified by the Board.

Contributions may be made between £5 a month and the maximum permitted under the applicable legislation (currently £500 a month) or up to such lesser sum as the Board may determine. At the end of the three or five year savings contract, employees may either withdraw their savings on a tax free basis or utilise such sum and any bonus or interest due under the savings contract to acquire Ordinary Shares under the SAYE Option granted to the participant.

Invitations may be issued at any time, unless this is prevented by any dealing restrictions.

However, no SAYE Options may be granted more than 10 years from the date when the SAYE Scheme was adopted.

Exercise of SAYE Options

SAYE Options may generally only be exercised for a period of six months following the maturity of the related savings contract. If not exercised by the end of this period, the relevant SAYE Options will lapse.

SAYE Options may be exercised earlier with the proceeds of savings made under the linked savings contract and any interest due in certain specified circumstances including retirement, cessation of employment due to injury, disability or redundancy, by reason of a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006 or if the relevant employee's employer ceases to be an associated company or on death.

Corporate events

In the event of a takeover, scheme of arrangement, or winding-up of the Company, SAYE Options may normally be exercised early with the proceeds of savings made under the linked savings contract and any interest due.

If there is a corporate event resulting in a new person or company acquiring control of the Company, SAYE Options may in certain circumstances be replaced by equivalent new options over shares in the acquiring company.

Variation of capital

If there is a variation of share capital of the Company, the Board may make such adjustments to SAYE Options, including the number of Ordinary Shares subject to SAYE Options and the SAYE Option exercise price, as it determines.

Rights attaching to Ordinary Shares

Ordinary Shares issued and/or transferred under the SAYE Scheme will not confer any rights on any participant until the relevant SAYE Option has been exercised and the participant in question has received the underlying Ordinary Shares. Any Ordinary Shares allotted when a SAYE Option is exercised will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their issue).

8.6 Provisions applying to each of the Employee Share Plans

Awards not transferable

Awards granted under the Employee Share Plans (other than where indicated otherwise in connection with the SIP under section 8.4) are not transferable other than to a participant's personal representatives in the event of death, provided that under the LTIP, LTIP Awards and Ordinary Shares may be held by the trustees of an employee benefit trust as nominee for the participants.

Limits

The Employee Share Plans may operate over newly issued Ordinary Shares, treasury Ordinary Shares or Ordinary Shares purchased in the market. The rules of each of the Employee Share Plans provide that, in any period of 10 calendar years, not more than 10 per cent of the Company's issued ordinary share capital may be issued under the relevant plan and under any other employees' share scheme

operated by the Company. Ordinary Shares issued out of treasury under the relevant Employee Share Plan will count towards these limits for so long as this is required under institutional shareholder guidelines. Ordinary Shares issued or to be issued pursuant to awards granted within 42 days beginning on Admission and/ or Ordinary Shares which have been purchased in the market by trustees of an employee benefit trust to satisfy awards will not count towards these limits. In addition, awards which are renounced or lapse shall be disregarded for the purposes of these limits.

Amendments

The Board may, at any time, amend the provisions of the Employee Share Plans in any respect and may amend the SIP trust deed by way of a supplemental deed. Amendments may not normally adversely affect the rights of participants except where participants are notified of such amendment and the majority of participants approve such amendment.

Overseas plans

The Board may, at any time, establish further plans based on the Employee Share Plans for overseas territories. Any such plan shall be similar to the relevant Employee Share Plan, but modified to take account of local tax, exchange control or securities laws. Any Ordinary Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the relevant plan.

8.7 **Benefits not pensionable**

The benefits received under the Employee Share Plans are not pensionable.

9. **Articles of Association**

The Articles of Association, which were adopted on 16 June 2021 to take effect immediately prior to Admission, contain, amongst other things, provisions to the following effect.

9.1 **Objects**

The Articles of Association contain no specific restrictions on the Company's objects and therefore, by virtue of section 31(1) of the Act, the Company's objects are unrestricted.

9.2 **Voting rights**

Subject to paragraph 9.7 below, and to any special terms as to voting upon which any shares may for the time being, be held, on a show of hands every member who (being an individual) is present in person or by proxy (being a corporation) is present by a duly appointed representative shall have one vote and on a poll every member present in person or by a representative or proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

9.3 **Variation of rights**

If at any time the capital of the Company is divided into different classes of shares all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three quarters in nominal value of the issued shares (excluding any shares of that class held as treasury shares) of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

9.4 **Alteration of capital**

The Company may, subject to the Act, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to the provisions of the Act and to any rights for the time being attached to any shares, the Company may purchase, or enter into a contract under which it will or may purchase, any of its own

shares of any class in any way. Any shares so purchased may be selected for purchase on any basis and in any manner whatsoever.

9.5 **Transfer of shares**

A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the directors and (2) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee.

The directors may, in their absolute discretion and without giving a reason, refuse to register the transfer of a certificated share or the renunciation of a renounceable letter of allotment unless it is:

- (a) in respect of a share which is fully paid;
- (b) in respect of a share on which the Company has no lien;
- (c) in respect of only one class of shares;
- (d) in favour of a single transferee or renounee or not more than four joint transferees or renounees;
- (e) duly stamped (if required); and
- (f) delivered for registration to the Company's registered office or such other place as the directors may decide, accompanied by the certificate for the shares to which it relates (except in the case of a transfer of a share, for which a certificate has not been issued, by a person in respect of whom the Company is not required by the Act to complete and have ready for delivery a share certificate, and except in the case of a renunciation) and any other evidence as the directors may reasonably require to prove the title to such share of the transferor or person renouncing and the due execution by him of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his behalf, the authority of such person to do so provided that the directors shall not refuse to register any transfer or renunciation of any certificated shares on the ground that they are partly paid in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

If the directors refuse to register a transfer or renunciation, they shall, within two months after the date on which the transfer or renunciation was delivered to the Company, send notice of the refusal to the transferee or renounee. An instrument of transfer or renunciation that the directors refuse to register shall (except in the case of suspected fraud) be returned to the person delivering it. All instruments of transfer which are registered may, subject to the Articles of Association, be retained by the Company.

In the case of uncertificated shares, the directors shall register a transfer of title to any uncertificated share or the renunciation or transfer of any renounceable right of allotment of a share held in uncertificated form in accordance with the CREST Regulations, except that the directors may refuse to register any such transfer or renunciation which is in favour of more than four persons jointly or in any other circumstance permitted by the CREST Regulations. In accordance with and subject to the provisions of the CREST Regulations, where title to an uncertificated share is transferred by means of CREST to a person who is to hold such share in certificated form thereafter, the Company as participating issuer shall register the transfer, but that the Company may refuse to register such a transfer in any circumstance permitted by the CREST Regulations. If the directors refuse to register any such transfer or renunciation the Company shall, within two months after the date on which the instruction relating to such transfer or renunciation was received by the Company, send notice of the refusal to the transferee or renounee.

9.6 **Dividends**

The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the directors.

Subject to the Act, the directors may pay such interim dividends (including any dividend payable at a fixed rate) as appears to the directors to be justified by the profits of the Company available for

distribution. If at any time the share capital is divided into different classes, the directors may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividend as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. If the directors act in good faith, they shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of an interim dividend on any shares ranking after those with preferential rights.

Except as otherwise provided by the Articles of Association or the rights attached to, or the terms of issue of shares:

- (a) a dividend shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the nominal value of the shares on which the dividend is paid; and
- (b) dividends shall be apportioned and paid proportionately to the amounts paid up on the nominal value of the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

Except as otherwise provided in the Articles of Association or the rights attached to shares:

- (a) a dividend may be paid in any currency or currencies decided by the directors; and
- (b) the Company may agree with a member that any dividend declared or which may become due in one currency will be paid to the member in another currency for which purpose the directors may use any relevant exchange rate current at any time as the directors may select for the purpose of calculating the amount of any member's entitlement to the dividend.

All unclaimed dividends or other monies payable by the Company in respect of a share may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. The payment of any unclaimed dividend or other amount payable by the Company in respect of a share into a separate account shall not constitute the Company a trustee in respect of it.

The directors may, if authorised by an ordinary resolution of the Company, offer the holders of shares the right to elect to receive additional shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend. The directors may at their discretion make the right to participate in any such elections subject to restrictions necessary or expedient to deal with legal, regulatory or other difficulties in respect of overseas shareholders.

9.7 ***Suspension of rights***

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 793 of the Act and is in default in supplying to the Company within 14 clear days the information thereby, required, then (unless the directors otherwise decide) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company (whether by a show of hands or by poll) in respect of the shares which are the subject of such notice (including in a general meeting or a meeting of the members of that class of shares).

Where the holding represents more than 0.25 per cent of the issued shares of that class (calculated exclusive of any treasury shares of that class) the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than under certain circumstances, including an arms' length sale in good faith.

9.8 ***Return of capital***

On any voluntary winding-up of the Company, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act or the Insolvency Act 1986 (as amended), divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division shall be in accordance with the existing rights of the members. The liquidator may, with the like sanction, vest the whole or any part of the assets of the Company in trustees on such trusts for the benefit of the members as he, with the like sanction, shall determine, but no member shall be compelled to accept any assets on which there is a liability.

9.9 **Pre-emption rights**

There are no rights of pre-emption under the Articles of Association of the Company in respect of transfers of issued Ordinary Shares.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

9.10 **Shareholder meetings**

Annual general meetings should be held within the time periods specified by the Act. Other general meetings may be called whenever the directors think fit or when one has been requisitioned in accordance with the Act. Two members present in person or by proxy (or, being a corporation, present by a duly appointed representative) at the meeting and entitled to vote shall be a quorum for all purposes.

Annual general meetings are called on at least 21 clear days' notice in writing. Other general meetings are to be called on 14 clear days' notice. The annual general meeting may be called on shorter notice providing all members entitled to attend and vote agree and a general meeting can be called on shorter notice if a majority in number of the members having a right to attend and vote at the general meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right, consent.

The directors may determine that the members entitled to receive notice of a meeting are those persons entered on the register of members at a time determined by the directors (subject to the CREST Regulations if the Company is then a participating issuer for the purpose of the Uncertificated Securities Regulations) which shall not be more than 48 hours before the time fixed for the meeting excluding any part of any day that is not a working day. Changes to entries on the register after the time so specified in the notice shall be disregarded in determining the rights of any person to so attend or vote.

In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll vote instead of him/her, and that a proxy need not be a member.

9.11 **Directors**

Save as provided in the Articles of Association or by the terms of any authorisation given by the directors, a director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any contract or arrangement or any other proposal to which the Company is or is to be a party and in which he has an interest which is to his knowledge a material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company).

The directors may authorise a director to be involved in a situation in which the director has or may have a direct or indirect interest which conflicts or may conflict with the interests of the Company and may impose such terms or conditions on the grant of such authorisation as they think fit and in doing so will act in such a way, in good faith, as they consider will be most likely to promote the success of the Company.

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

- (a) relating to the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of a Group undertaking;

- (b) relating to the giving of any security, guarantee or indemnity in respect of a debt or obligation of a Group undertaking for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) relating to, or in the context of, an offer of securities by a Group undertaking in which he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (d) relating to another company in which he does not have to his knowledge an interest in shares (as that term is used in sections 820 to 825 of the Act) representing one per cent or more of either any class of the equity share capital, or the voting rights in, such company;
- (e) relating to an arrangement for the benefit of employees of any Group undertaking which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
- (f) concerning insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of persons including directors; or
- (g) relating to a contract relating to a pension, superannuation or similar scheme or a retirement, death, disability benefits scheme or employees' share scheme which gives the director benefits which are also generally given to the employees to whom the scheme relates.

Unless otherwise decided by the Company by ordinary resolution, the Company shall pay to the directors (but not alternate Directors) for their services as Directors such aggregate amount of fees as the directors decide (not exceeding £1,000,000 per annum or such larger amount as the Company may by ordinary resolution decide). The aggregate fees shall be divided among the directors in such proportions as the directors decide or, if no decision is made, equally. Such fee shall be distinct from any salary or remuneration payable to a director under a service agreement or other amount payable to him pursuant to other provisions of these Articles and accrues from day to day.

A director who, at the request of the Board, goes or resides abroad, makes a special journey or performs a special service on behalf of or for the Company (including, without limitation, services as a chairman or vice-chairman of the board, services as a member of any board committee and services which the board considers to be outside the scope of the ordinary duties of a director) may be paid such reasonable additional remuneration (whether by way of salary, bonus, commission, percentage of profits or otherwise) and expenses as the directors (including, for the avoidance of doubt, the board acting through a duly authorised board committee) may decide.

A director may also be paid all travelling, hotel and other expenses properly incurred by him in connection with his attendance at meetings of the directors or of committees of the board or general meetings or separate meetings of the holders of any class of shares or otherwise in connection with the discharge of his duties as a director, including (without limitation) any professional fees incurred by him (with the approval of the directors or in accordance with any procedures stipulated by the directors) in taking independent professional advice in connection with the discharge of such duties.

Subject to the Act and compliance with the provisions in the Articles of Association relating to disclosure of interests, a director, notwithstanding his office:

- (a) may enter into or otherwise be interested in any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested, either in connection with his tenure of any office or place of profit or as vendor, purchaser or otherwise;
- (b) may hold any other office or place of profit under the Company (except that of auditor) in conjunction with the office of director and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the directors may arrange, either in addition to or in lieu of any remuneration provided for by any other provisions of the Articles of Association;
- (c) may be a director or other officer of, or employed by, or a party to any contract, arrangement, transaction or proposal with or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested or as regards which the Company has any powers of appointment; and

- (d) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any such office, employment, contract, arrangement, transaction or proposal and no such contract, arrangement, transaction or proposal shall be avoided on the grounds of any such interest or benefit.

Save as provided by the Articles of Association or by the terms of authorisation given by the directors, a director shall not vote as a director or be counted in the quorum in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement in which he has any interest which conflicts or may conflict with the interests of the Company. If he does vote, his vote shall not be counted.

The remuneration and other terms and conditions of appointment of a director appointed as managing director or to any other executive office or employment under the Company shall from time to time (without prejudice to the provisions of any agreement between him and the Company) be fixed by the directors or by any committee appointed by the directors, and may (without limitation) be by way of fixed salary, lump sum, commission on the dividends or profits of the Company (or of any other company in which the Company is interested) or other participation in any such profits or otherwise or by any or all or partly by one and partly by another or others of those modes.

Any statutory provision which, subject to the provisions of the Articles of Association, would have the effect of rendering any person ineligible for appointment as a director or liable to vacate office as a director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment of any director over a specified age shall not apply to The Company.

9.12 **Borrowing powers**

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the Act, to create and issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party.

The Directors shall restrict the borrowings of the Company and shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to ensure (as regards subsidiary undertakings, to the extent possible by such exercise) that the aggregate principal amount outstanding in respect of borrowed monies by the Group and its undertakings does not at any time, without the previous sanction of an ordinary resolution, exceed the higher of (i) a sum equal to five times the Company's adjusted capital and reserves and (ii) £1,000,000,000.

9.13 **Deferred Shares**

The holders of Deferred Shares shall not be entitled to receive notice of any general meeting nor to attend, speak or vote thereat. The holders for the time being of Deferred Shares shall not be entitled to receive any dividend or other distribution.

The holders of Deferred Shares shall have no right to participate in the assets of the Company save to receive on a return of assets after payment of the Company's liabilities the amount paid up on such shares after the holders for the time being of the ordinary shares have been repaid in full the capital paid up on such shares and an amount equal to £1,000,000,000 per Ordinary Share;

The Company is authorised to appoint any person to execute on behalf of the holders of such Deferred Shares a transfer thereof (and/or an agreement to transfer the same) to such person as the Company may determine as custodian thereof and/or to purchase the same (in accordance with the provisions of the Companies Act) in any such case for a price not more than an aggregate sum of £0.001 for all the Deferred Shares without obtaining the sanction of the holder or holders thereof and pending such transfer and/or purchase to retain the certificate for such Deferred Shares; and

The Company may at its option at any time after the creation of any Deferred Shares by notice in writing to the holders of the same redeem all of the Deferred Shares then in issue, at an aggregate price not exceeding £0.001 for all the Deferred Shares redeemed, on terms that the recipient of such sum shall be selected by the Company in its absolute discretion.

10. Mandatory bids and compulsory acquisition rules relating to Ordinary Shares

10.1 *Squeeze out*

Under the Act, if an offeror were to acquire 90 per cent of the Ordinary Shares within four months of making its takeover offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary 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 Ordinary Shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

10.2 *Sell out*

The Act also gives minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent of the Ordinary Shares, any holder of Ordinary Shares to which the takeover offer relates who has not accepted the offer can require the offeror to acquire his Ordinary 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 its rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

Other than as provided by the City Code and Chapter 28 of the Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules relating to the Company.

Paragraph 21 of Part I of this document sets out further information in relation to the City Code.

11. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and/or any of its subsidiaries in the two years immediately preceding the date of this document and are, or may be, material:

11.1 *Facility Agreement*

On 7 June 2021, the Company and VIPSO Ltd (together, the “**Borrowers**”) entered into a £10.0 million revolving facility agreement with HSBC UK Bank plc (the “**Lender**”), which will be guaranteed by the companies listed in the schedule 1 thereto as guarantors (the “**Revolving Facility Agreement**”).

The Revolving Facility Agreement makes available a revolving credit facility in the sum of £10,000,000 to for the general corporate and working capital purposes of the Group (the “**RCF**”).

Interest on the RCF is charged at SONIA plus a margin of between 2.3 per cent and 2.8 per cent depending on the consolidated leverage of the Group. The RCF includes certain financial covenants, including an Interest Cover ratio (as defined in the RCF) of no less than 4.00:1 and a Leverage ratio (as defined in the RCF) of no more than 2.00:1.

The RCF shall terminate on the third anniversary of the date on which the Revolving Facility Agreement is signed (the “**Closing Date**”).

Voluntarily prepayments of the loans drawn under the RCF may be made in full by giving the Lender not less than five (5) business days’ notice (or such shorter period as the Lender may agree). Any prepayment must be made together with accrued interest on the amount prepaid and will be subject to break costs if that prepayment is made on a date that is not an interest payment date or a scheduled repayment date. Otherwise, there are no premiums or penalties in respect of prepayment.

The Company also agreed to pay an arrangement fee to the Lender for providing the RCF. This fee is not payable unless the Closing Date occurs, but is non-refundable.

The RCF contains a number of customary events of default, including a failure by the Company to maintain its AIM listing.

Each member of the Group has granted security in favour of the Lender by way of a debenture dated 7 June 2021 to secure obligations under the Revolving Facility Agreement. Pursuant to the Debenture each member of the group will grant security over its assets by way of certain fixed and floating charges.

11.2 **Nominated Adviser Agreement and Financial Advisory Engagement Letter**

A nominated adviser agreement between GCA Altium and the Company dated 17 June 2021 in respect of GCA Altium acting as nominated adviser for the purposes of AIM for an initial minimum period of 12 months (terminable on three months' notice thereafter by either party). The Company has agreed to pay to GCA Altium an annual retainer for acting as nominated adviser, as well as its reasonable out of pocket expenses. GCA Altium will, *inter alia*, assist the Company with complying with the AIM Rules. The agreement also contains a customary indemnity given by the Company to GCA Altium in relation to the provision by GCA Altium of its services under the agreement.

Under an engagement letter between GCA Altium and VIPSO Ltd dated 16 October 2020 (the "**Engagement Letter**"), GCA Altium was appointed as financial adviser in connection with Admission and is entitled to receive a success fee on completion of the Placing and Admission occurring.

11.3 **Placing Agreement**

On 17 June 2021, the Company (for itself and acting as agent for and on behalf of each Selling Shareholder pursuant to the Deeds of Election), the Directors and the Banks entered into the Placing Agreement. Each Selling Shareholder has entered into individual Deeds of Election each dated 17 June 2021 ("**Deeds of Election**") appointing the Company as their agent in the Placing. Pursuant to the Placing Agreement and the Deeds of Election:

- (a) the Company has agreed, subject to certain conditions, to allot and issue the New Ordinary Shares to be issued in connection with the Placing at the Placing Price;
- (b) the Selling Shareholders have agreed, subject to certain conditions, to sell the Sale Shares in the Placing at the Placing Price;
- (c) the Joint Global Coordinators have severally agreed, subject to certain conditions, to use reasonable endeavours to procure Placees to subscribe for the New Ordinary Shares and to purchase the Sale Shares, in each case at the Placing Price;
- (d) the Company has agreed to pay the Joint Global Coordinators:
 - (i) a base commission equal to 2.25 per cent of the Placing Price multiplied by the number of New Ordinary Shares allotted pursuant to the Placing; and
 - (ii) a discretionary commission (at the Company's absolute discretion) of up to an amount equal to 1.25 per cent of the Placing Price multiplied by the number of New Ordinary Shares allotted pursuant to the Placing;
- (e) the Selling Shareholders have agreed to pay the Joint Global Coordinators:
 - (i) a base commission equal to 2.25 per cent of the Placing Price multiplied by the number of Sale Shares sold by such person pursuant to the Placing; and
 - (ii) a discretionary commission (at Mark Radcliffe's absolute discretion (for himself and on behalf of all other Selling Shareholders)) of up to an amount equal to 1.25 per cent of the Placing Price multiplied by the number of Sale Shares sold by such person pursuant to the Placing;
- (f) the obligations of the Joint Global Coordinators to procure subscribers and/or purchasers for Placing on the terms of the Placing Agreement are subject to certain conditions. These conditions include the absence of any breach of representation or warranty under the Placing Agreement and Admission occurring on or before 8.00 a.m. on 22 June 2021 (or such later date as the Company and the Joint Global Coordinators may agree. In addition, the Joint Global Coordinators

have the right to terminate the Placing Agreement, exercisable in certain circumstances, prior to Admission;

- (g) the Company has agreed to pay the costs, charges, fees and expenses of the Placing (together with any related value added tax);
- (h) each of the Company, the Directors and the Selling Shareholders have given certain representations, warranties and undertakings, subject to certain limitations, to the Banks;
- (i) the Company has given an indemnity to the Banks on customary terms;
- (j) the parties to the Placing Agreement have given certain undertakings to each other regarding compliance with laws and regulations affecting the making of the Placing in relevant jurisdictions.

11.4 **Lock-in Agreements**

The Company and each Locked-in Shareholder has entered into a Lock-in Agreement, further details of which are set out in paragraph 15 of Part I of this document.

11.5 **The Reorganisation Agreements**

On 27 May 2021, the Company entered into certain agreements with the existing shareholders of VIPSO Ltd to implement the share exchange described in paragraph 3.1.2 of this Part VIII.

11.6 **Relationship Agreement**

On 17 June 2021 the Company entered into a relationship agreement with Mark Radcliffe, Neil Radcliffe and Carole Radcliffe (the “**Controlling Shareholders**”). Under the Relationship Agreement, the Controlling Shareholders shall, and have agreed to use their reasonable endeavours to procure that each of their associates shall, among other things:

- (a) not take any action that is intended to preclude or inhibit the Company or any other member of the Group from operating independently of either of the Controlling Shareholders at all times;
- (b) make and conduct all transactions and arrangements with the Company on an arm's length and normal commercial basis;
- (c) not take any action that would have the effect of preventing the Board from being comprised of at least a majority of Directors who are independent of the Controlling Shareholders and their respective associates;
- (d) not take any action that would have the effect of preventing the Directors, the Company or any other member of the Group from complying with obligations under any applicable laws;
- (e) where the Company or any member of the Group has entered into a contract or other arrangement with either of the Controlling Shareholders and/or any of their respective associates, ensure that the relevant Controlling Shareholder and/or any of their respective associates procures that any decisions as to the implementation, amendment or enforcement of such contract or arrangement are taken independently of them and (in so far as they are able) their respective associates;
- (f) procure that any disputes between the Company (or any member of the Group) and either of the Controlling Shareholders and/or any of their respective associates shall be exclusively dealt with on behalf of the Company or the relevant member of the Group by the Directors other than the Controlling Shareholders and, if applicable, their respective associates; and
- (g) exercise any of their voting or other rights and powers as shareholders of the Company to procure that:
 - (i) the Group is managed for the benefit of shareholders as a whole and independently of the Controlling Shareholders and their respective associates, rather than for the benefit of any particular shareholder or group of shareholders of the Company;
 - (ii) subject to the applicable laws and the provisions of the Relationship Agreement, the Company is managed in accordance with the chosen Corporate Governance Code (pursuant to AIM Rule 26) to the extent practicable and appropriate for the size, stage development and operations of the Group from time to time.

12. Working Capital

The Directors are of the opinion that, having made due and careful enquiry and taking into account the bank facilities available to the Group and the net proceeds of the Placing of the New Ordinary Shares, the working capital available to the Group will be sufficient for its present requirements, that is for the period of at least 12 months from Admission.

13. Litigation

The Group is not involved nor has been involved in any legal or arbitration proceedings in the previous 12 months which have or may have had in the recent past, a significant effect on the Group's financial position or profitability nor, so far as the Directors are aware are any such proceedings pending or threatened against any member of the Group.

14. Related Party Transactions

Save as disclosed in paragraphs 31 and 33 of Section B of "*Historical Financial Information*", and as discussed in paragraph 8 of Part IV "*Operating and Financial Review*", neither the Company nor any other member of the Group has entered into any related party transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) No 1606/2002) with any related party during the period covered by the Historical Financial Information and up to the latest practicable date prior to publication of this document.

15. Other Information

15.1 The accounting reference date of the Company is 30 September.

15.2 The fees and expenses of, and incidental to, the Placing and Admission that are payable by the Company are estimated at approximately £9.8 million. These include (but are not limited to) accountancy fees, solicitors fees and the fees of the Company's financial and nominated adviser and the Joint Global Coordinators.

15.3 Except for the Material Contracts referred to in paragraph 10 of this Part VIII, there are no contracts or agreements which are of fundamental importance to the Company's business.

15.4 Save as disclosed in this document, the Company is not dependent on any patents, licences, industrial or commercial or financial contracts or new manufacturing processes which have a material effect on the Company's business or profitability.

15.5 None of the Directors perform any principal activities outside the Company that are significant with respect to the Company.

15.6 Except as stated in this document, there have been no principal investments made by the Company during the last three financial years and there are no principal future investments on which firm commitments have been made.

15.7 Except for the transaction bonus referred to in paragraph 6.1.2.4 of this Part VIII, no person (excluding professional advisers named in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the Company's application to AIM, or has entered into any contractual arrangements with the Company to receive, directly or indirectly, from the Company on or after Admission fees totalling £10,000 or more, securities which have a value of £10,000 or more or any other benefit with a value of £10,000 or more at the date of Admission.

15.8 Ernst & Young LLP, a member of the Institute of Chartered Accountants in England and Wales and registered auditors, is registered in England and Wales under number OC300001 and its registered office is at 1 More London Place, London, SE1 2AF. Ernst & Young LLP has given and not withdrawn its written consent to the inclusion in this document of the report set out in Part VI of this document and has authorised the contents of its report for the purposes of Schedule Two of the AIM Rules in the form and context in which it appears.

- 15.9 GCA Altium, as nominated adviser to the Company, has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which it appears.
- 15.10 Intel has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which it appears.
- 15.11 Except as stated in this document, there have been no material investments made by the Group during the last three financial years and there are no material future investments on which firm commitments have been made.
- 15.12 Save as disclosed below, there has been no significant change in the financial position or performance of the Group since 31 March 2021, being the date to which the financial information in Part VI of this document has been prepared.
- 15.12.1 On 5 May 2021, VIPSO Ltd declared and paid an interim dividend of, in aggregate, £12.0 million to the holders of ordinary shares of £1.00 each in the capital of the Company as at such date. Certain holders of such ordinary shares waived the entitlement to receive their proportion of such dividend.
- 15.12.2 On 11 May 2021, Radcliffe Property Management Limited repaid in full the amount of a loan provided by Victorian Plumbing Limited, being in aggregate £5.4 million.
- 15.13 Save as disclosed in this document there are no environmental issues that the Directors have determined may affect the Company's utilisation of tangible fixed assets and the Directors have not identified any events that have occurred since the end of the last financial year and which are considered to be likely to have a material effect on the Company's prospects for the current financial year.
- 15.14 The historical financial information relating to the Company contained in this document does not comprise statutory accounts for the purposes of section 431 of the Act.

16. Documents Available for Inspection

Copies of the following documents will be available for inspection at the offices of Jones Day at 21 Tudor Street, London, EC4Y 0DJ during normal business hours on any weekday (Saturdays and Public Holidays excepted) for 30 days from the date of Admission:

- (a) the Articles of Association of the Company;
- (b) the combined and consolidated financial information in respect of the year ended 30 September 2018, 30 September 2019, 30 September 2020 and the audited financial information for the six months ended 31 March 2021, together with the related Accountants Report from Ernst & Young LLP, which are set out as Section 2 and Section 1 of Part VI of this document, respectively;
- (c) the service agreements and letters of appointment referred to in paragraph 6 of this Part VIII;
- (d) the rules of the Employee Share Plans referred to in paragraph 8 of this Part VIII;
- (e) the consent letters from the Company's advisers referred to in paragraphs 15.8, 15.9 and 15.10 of this Part VIII; and
- (f) this document.

