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

This document is prepared in accordance with Chapter 13 of the Listing Rules for the purposes of the General Meeting convened pursuant to the Notice of General Meeting set out at the end of this document. This document can also be obtained free of charge on request from the Company's Registrars, Equiniti Limited, or from www.Mothercareplc.com.

If you sell or transfer or have sold or transferred all of your Ordinary Shares, you should send this document (but not the personalised Form of Proxy) as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee.

MOTHERCARE PLC

(Incorporated and registered in England and Wales with registered number 01950509)

PROPOSED CANCELLATION OF LISTING OF THE ORDINARY SHARES FROM THE OFFICIAL LIST

and

PROPOSED ADMISSION OF THE ORDINARY SHARES TO TRADING ON AIM

and

PROPOSED APPROVAL OF WAIVER OF OBLIGATIONS UNDER RULE 9 OF THE TAKEOVER CODE

and

PROPOSED AUTHORITY TO ALLOT ORDINARY SHARES AND DISAPPLICATION OF ASSOCIATED PRE-EMPTION RIGHTS

and

NOTICE OF GENERAL MEETING

Financial Adviser, Corporate Broker, Proposed Nominated Adviser

Numis

Corporate Broker

finnCap

You should carefully read the whole of this document and any accompanying document. Your attention is drawn to the letter from the Chairman of the Company in Part I (*Letter from the Non-Executive Chairman of Mothercare plc*) of this document, setting out the background and other factors that should be considered by Shareholders when deciding what action to take in relation to the Resolutions to be proposed at the General Meeting.

A Notice of General Meeting of the Company, to be held at 11:00 a.m. on 10 February 2021 at the Company's offices at Westside 1, London Road, Hemel Hempstead, Hertfordshire, HP3 9TD is set out at the end of this document.

In light of the COVID-19 pandemic and the continuing measures on limiting group gatherings indoors, shareholders are not permitted to attend the meeting in person. You are kindly requested to submit your votes by proxy by appointing the chairman of the meeting as your proxy rather than a named person who will be refused entry. No business other than the Resolutions set out in the Notice of General Meeting will be dealt with. For Shareholders receiving this document and the Notice of General Meeting contained within it, in hard copy, a Form of Proxy is enclosed. You must complete and return a completed Form of Proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by the Registrar by not later than 11:00 a.m. on 8 February 2021 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

You can also submit your votes electronically as set out on page 21 of this document. Shareholders receiving notifications of documents available on our website are requested to submit their votes electronically as set out on page 21 of this document. To be valid, the electronic submission must be registered by not later than 11:00 a.m. on 8 February 2021 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). To vote online you will need to use your Voting ID, Task ID and Shareholder Reference Number printed on your proxy form.

Questions can be submitted ahead of the general meeting by email to: investorrelations@mothercare.com. **For the avoidance of doubt, it will not be possible to vote in person at the General Meeting.**

The Ordinary Shares are currently listed on the premium listing segment of the Official List and traded on the main market for listed securities of London Stock Exchange plc (the "**London Stock Exchange**"). Subject to the passing of Resolution 1 at the General Meeting, it is proposed that the listing of the Company's Ordinary Shares on the Official List and to trading on the London Stock Exchange's main market for listed securities be cancelled (the "**Delisting**") and an application will also be made for the Ordinary Shares to be admitted to trading on AIM. It is expected that admission of the Ordinary Shares will become effective and that dealings of the Ordinary Shares will commence on AIM at 8:00 a.m. on 12 March 2021 (the "**AIM Admission**") and would occur simultaneously with the Delisting becoming effective.

Numis, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Mothercare and no one else in connection with the Proposals and will not regard any other person (whether or not a recipient of this document) as its clients in relation to the Proposals and will not be responsible to anyone other than Mothercare for providing the protections afforded to its clients nor for providing advice in connection with the Proposals or any other matter referred to herein.

finnCap, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Mothercare and no one else in connection with the Proposals and will not regard any other person (whether or not a recipient of this document) as its clients in relation to the Proposals and will not be responsible to anyone other than Mothercare for providing the protections afforded to its clients nor for providing advice in connection with the Proposals or any other matter referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed on each of Numis and finnCap by FSMA or the regulatory regime established thereunder, none of Numis, finnCap or any of their affiliates accepts any responsibility whatsoever or make any representation or warranty, express or implied, to any person in respect of any acts or omissions of the Company in relation to the Proposals for the contents of this document including its accuracy, completeness or verification or for any other statement made or purported to be made by or on behalf of it, the Company or the Directors in connection with the Company, the Ordinary Shares or the Proposals and other matters referred to in this document and nothing in this document is or shall be read as a promise or representation in this respect whether as to the past or future. Each of Numis and finnCap accordingly disclaims all and any liability whatsoever whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of any acts or omissions of the Company in relation to the Proposals or this document or any such statement.

Capitalised terms have the meanings ascribed to them in the "Definitions" section of 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 representations must not be relied upon as having been authorised by Mothercare. Subject to FSMA, the Listing Rules, the Disclosure Guidance and Transparency Rules, the delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of Mothercare since the date of this document or that the information in this document is correct as at any time after this date. Without limitation, the contents of the Group's website, or any links accessible through the Group's website, do not form part of this document.

The contents of this document are not to be construed as legal, business or tax advice. Each Shareholder should consult his, her or its own legal adviser, financial adviser or tax adviser.

The date of this document is 25 January 2021.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change.

Event	
Publication of this document	25 January 2021
Latest time and date for receipt of completed Forms of Proxy	11:00 a.m. on 8 February 2021
Time and date of General Meeting	11:00 a.m. on 10 February 2021
Publication of Schedule One announcement	11 February 2021
Last day of dealings in the Ordinary Shares on the Main Market	11 March 2021
Cancellation of the listing of the Ordinary Shares from the Official List becomes effective	8:00 a.m. on 12 March 2021
Admission of, and commencement of dealings in, the Ordinary Shares on AIM	8:00 a.m. on 12 March 2021
Proposed date for conversion of the Shareholder Loans into new Ordinary Shares and issue of the Warrants	12 March 2021

Note:

If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by way of an announcement on a Regulatory Information Service. References in this document to time are to London time, unless specified otherwise.

The ISIN code for the Ordinary Shares will remain GB0009067447.

IMPORTANT INFORMATION

Forward-looking statements

This document contains forward-looking statements which are based on the beliefs, expectations and assumptions of the Directors and other members of senior management about the Group's businesses. All statements other than statements of historical fact included in this document may be forward-looking statements. Generally, words such as "will", "may", "should", "could", "estimates", "continue", "believes", "expects", "aims", "targets", "projects", "intends", "anticipates", "plans", "prepares", "seeks" or, in each case, their negative or other variations or similar or comparable expressions identify forward-looking statements.

These forward-looking statements are not guarantees of future performance, and there can be no assurance that the expectations reflected in such forward-looking statements will prove to have been correct. Rather, they are based on the current beliefs, expectations and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company and are difficult to predict, that may cause actual results, performance, plans, objectives, achievements or events to differ materially from those express or implied in such forward-looking statements. Undue reliance should, therefore, not be placed on such forward-looking statements.

New factors will emerge in the future, and it is not possible to predict which factors they will be. In addition, the impact of each factor on the Group's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statement or statements cannot be assessed, and no assurance can therefore be provided that assumptions will prove correct or that expectations and beliefs will be achieved.

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

Each forward-looking statement speaks only as at the date of this document and is not intended to give any assurance as to future results. The Company and/or its Directors expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein as a result of new information, future events or other information, except to the extent required by the Listing Rules, the Disclosure Guidance and Transparency Rules, the rules of the London Stock Exchange or by applicable law.

DEFINITIONS

The definitions set out below apply throughout this document unless the context requires otherwise.

"1798 Volantis"	1798 Volantis Fund Ltd;
"1798 Small Cap"	1798 Small Cap UK Best Ideas Fund Ltd;
"2018 Shareholder Loans"	shareholder loans from DC Thomson, Lombard Odier (acting for LMAP Epsilon and 1798 Volantis) and Blake Holdings, each of which being convertible into Ordinary Shares at the option of such Shareholder and which were approved by Shareholders at the general meeting of the Company on 26 July 2018;
"2019 Shareholder Loans"	the shareholder loans from Lombard Odier (acting for 1798 Small Cap and 1798 Volantis) and Blake Holdings, each of which being convertible to New Ordinary Shares at the option of such Shareholder as further described in paragraph 7.5 of Part II (*Additional Takeover Code Disclosures for the Purpose of the Rule 9 Whitewash*) of this document;
"AIM"	AIM, a market operated by the London Stock Exchange;
"AIM Admission"	the admission of the Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules;
"AIM Rules"	the "AIM Rules for Companies", published by the London Stock Exchange from time to time;
"Alshaya"	the Alshaya Group, the Group's most significant Franchise Partner;
"Articles of Association" or **"Articles"**	the articles of association of the Company, as amended from time to time;
"Blake Holdings"	Blake Holdings Limited;
"Board"	the board of directors of the Company from time to time;
"Boots"	Boots UK Limited;
"Business Day"	any day on which banks are generally open in London for the transaction of business other than a Saturday or Sunday or public holiday;
"certificated" or **"in certificated form"**	a share or other security which is not in uncertificated form (that is, not in CREST);
"Companies Act"	the Companies Act 2006, as amended, modified or re-enacted from time to time;
"Concert Party"	Richard Griffiths, Michael Bretherton, James Ede-Golightly Blake Holdings and Serendipity Capital Limited;
"Conversion Shares"	189,644,132 new Ordinary Shares to be issued by the Company pursuant to the conversion of the Shareholder Loans into new Ordinary Shares pursuant to the CULS Arrangement (excluding any new Ordinary Shares which may be issued upon exercise of any Warrants);
"Covid-19"	the disease caused by a novel strain of coronavirus;

"CREST Manual"	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CREST CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996, as amended;
"CREST member"	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
"CULS"	the £13.5 million convertible unsecured loans issued pursuant to the Shareholder Loans;
"CULS Arrangement"	the arrangements entered into on 26 November 2020 by the Company with Blake Holdings, DC Thomson and Lombard Odier (on behalf of 1798 Volantis, LMAP Epsilon and 1798 Small Cap) in connection with the irrevocable commitment to convert the existing Shareholder Loans into Ordinary Shares and to enter into Warrants over an additional 14,999,997 new Ordinary Shares with the holders of the Shareholder Loans and as more fully described in paragraph 7.6 of Part II (*Additional Takeover Code Disclosures for the Purpose of the Rule 9 Whitewash*) of this document;
"Daily Official List"	the daily official list of the London Stock Exchange;
"DB Schemes"	the Company's defined benefit pension schemes being (i) the Mothercare Executive Pension Scheme; and (ii) the Mothercare Staff Pension Scheme;
"DC Thomson"	DC Thomson & Co Limited;
"Delisting"	the proposed cancellation of the listing of the Company's Ordinary Shares on the Of□cial List and from trading on the London Stock Exchange's main market for listed securities;
"Directors"	the directors of the Company at the date of this document and "Director" means any one of them;
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA (as set out in the FCA Handbook), as amended;
"EBITDA"	earnings before taxation, net financing costs, depreciation and amortisation;
"Equiniti"	Equiniti Limited;
"Euroclear"	Euroclear UK & Ireland Limited;
"Existing Ordinary Shares"	the ordinary shares of 1 pence each in the capital of the Company;
"FCA" or **"Financial Conduct Authority**"	the Financial Conduct Authority of the United Kingdom or any successor body or bodies carrying out the functions currently carried out by the Financial Conduct Authority;
"finnCap"	finnCap Ltd;

"Form of Proxy"	the form of proxy for use at the General Meeting which accompanies hard copies of this document;
"Franchise Partner"	the third parties with whom the Group has entered into franchise arrangements to sell its products in territories other than the UK (including, for the avoidance of doubt, the Group's joint venture in Ukraine);
"FSMA"	the Financial Services and Markets Act 2000, as amended;
"GDPR"	the EU General Data Protection Regulation (EU) 2016/679;
"GBB"	GB Europe Management Services Limited;
"General Meeting"	the general meeting of the Company to be convened pursuant to the notice set out in this document (including any adjournment thereof);
"Group"	the Company together with its subsidiaries and subsidiary undertakings;
"IFRS"	International Financial Reporting Standards as adopted for use by the EU;
"Independent Shareholders"	shareholders entitled to vote on Resolution 4, being all shareholders other than the members of the Concert Party;
"Listing Rules"	the listing rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended from time to time;
"LMAP Epsilon"	LMAP Epsilon Limited;
"Lombard Odier"	Lombard Odier Asset Management (USA) Corp;
"London Stock Exchange"	London Stock Exchange plc or its successor(s);
"Market Abuse Regulation"	Regulation (EU) No 596/2014;
"Mothercare" or **"the Company"**	Mothercare plc, a company incorporated in England and Wales with registered number 01950509, whose registered office is at Westside 1, London Road, Hemel Hempstead, Hertfordshire HP3 9TD;
"MUK"	Mothercare UK Limited;
"New Debt Facility"	the term loan facility entered into by the Company and GBB for the amount of £19.5 million, for the repayment of the existing secured debt and additional working capital purposes and as more fully described in paragraph 7.7 of Part II (*Additional Takeover Code Disclosures for the Purpose of the Rule 9 Whitewash*) of this document;
"Notice of General Meeting"	the notice convening the General Meeting as set out in this document;
"Numis"	Numis Securities Limited;
"Official List"	the list maintained by the UK Listing Authority in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA;
"Ordinary Shares"	ordinary shares of 1 pence each in the capital of the Company;
"Pounds" or **"£"** or **"pound sterling"**	the lawful currency of the United Kingdom; or "pounds sterling";

"PRA" or **"Prudential Regulation Authority"**	the Prudential Regulation Authority of the United Kingdom, or any successor entity;
"Proposals"	the Delisting, the AIM Admission, the Rule 9 Whitewash, the allotment of the Conversation Shares and the issue of the Warrants;
"Reference Date"	21 January 2021, the latest practicable date prior to publication of this document;
"Registrar"	Equiniti Limited;
"Registrar of Companies"	the Registrar of Companies in England and Wales;
"Regulatory Information Service"	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies;
"Resolution 1"	the Resolution to be proposed at the General Meeting to approve the Delisting;
"Resolution 2"	the Resolution to be proposed at the General Meeting granting the Directors authority to allot the Conversion Shares and any new Ordinary Shares on any exercise of any of the Warrants;
"Resolution 3"	the Resolution to be proposed at the General Meeting relating to the disapplication of pre-emption rights in respect of the allotment of the Conversion Shares and the new Ordinary Shares which are the subject of the Warrants;
"Resolution 4"	the Resolution to be proposed at the General Meeting relating to the Rule 9 Whitewash to be held on a poll at the General Meeting;
"Resolutions"	the Resolutions 1 to 4 to be proposed at the General Meeting and as more fully described in paragraph 9 of Part I (*Letter from the Non-Executive Chairman of Mothercare plc*) of this document;
"Rule 9"	Rule 9 of the Takeover Code;
"Rule 9 Whitewash"	approval of the Waiver by the Independent Shareholders pursuant to Rule 9;
"SDRT"	stamp duty reserve tax;
"Shareholder Loans"	the 2018 Shareholder Loans and the 2019 Shareholder Loans;
"Shareholder(s)"	holder(s) of Ordinary Shares;
"stock account"	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
"subsidiary"	has the meaning given in section 1159 of the Companies Act;
"subsidiary undertaking"	has the meaning given in section 1162 of the Companies Act;
"Takeover Code"	the City Code on Takeovers and Mergers issued by the Takeover Panel, as amended from time to time;
"Takeover Panel"	the Panel on Takeovers and Mergers;
"uncertificated" or **"in uncertificated form"**	a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form

	in CREST and title to which by virtue of the CREST Regulations may be transferred by means of CREST;
"United Kingdom" or **"UK"**	the United Kingdom of Great Britain and Northern Ireland;
"Waiver"	the waiver granted by the Takeover Panel (subject to the passing of Resolution 4) in respect of the obligation which would otherwise arise on the Concert Party to make a mandatory general offer pursuant to Rule 9 as a result of the issue and allotment to it of Conversion Shares and new Ordinary Shares on exercise of its Warrants;
"Warrants"	the warrants to be issued by the Company to Blake Holdings, DC Thomson and Lombard Odier (on behalf of 1798 Volantis, LMAP Epsilon and 1798 Small Cap) over an aggregate of 14,999,997 new Ordinary Shares as part of the CULS Arrangement; and
"VAT"	value added tax.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE, AND ADVISERS

Directors	Clive Whiley (*Non-Executive Chairman*) Andrew Cook (*Chief Financial Officer*) Brian Small (*Non-Executive Director*) Gillian Kent (*Non-Executive Director*) Mark Newton-Jones (*Non-Executive Director*)
Company Secretary	Lynne Medini
Registered Office	Mothercare plc Westside 1 London Road Hemel Hempstead Hertfordshire HP3 9TD
Financial Adviser, Joint Corporate Broker and Proposed Nominated Adviser	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Joint Corporate Broker	finnCap Ltd. One Bartholomew Close London EC1A 7BL
Legal Advisers to the Company	DLA Piper UK LLP 160 Aldersgate Street London EC1A 4HT
Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

PART I

LETTER FROM THE NON-EXECUTIVE CHAIRMAN OF MOTHERCARE PLC

(Incorporated and registered in England and Wales with registered number 1950509)

Registered office

Mothercare plc
Westside 1
London Road
Hemel Hempstead
Hertfordshire
HP3 9TD

25 January 2021

Directors

Clive Whiley *(Non-Executive Chairman)*
Andrew Cook *(Chief Financial Officer)*
Brian Small *(Non-Executive Director)*
Gillian Kent *(Non-Executive Director)*
Mark Newton-Jones *(Non-Executive Director)*

To the holders of Ordinary Shares and, for information only, option holders

Dear Shareholder

1. INTRODUCTION

In the summer of 2018, Mothercare, a global brand for parents and young children, commenced the fundamental restructuring of the Company's operations and the associated refinancing of the Group. This ultimately resulted in the placing into administration of MUK in November 2019, and the associated additional financing that the Company raised at that time. In March 2020 we successfully emerged from the transaction and execution risks associated with the administration of the MUK business. This necessary and unavoidable step preserved value most notably for our pension fund, our global franchise operations and lending group – who would have otherwise faced significant losses.

Mothercare is now set to be a profitable and cash generative international franchise operation in the future, generating revenues through an asset-light model, operating in the UK and some 40 international territories and backed by new debt facilities provided by GBB. We have completed our transition to refocus the Group on its core competences of brand management and the design, development and sourcing of product to support international franchise partners through their stores and online. This document sets out the steps that we have taken, notwithstanding the serious challenges presented by Covid-19, including the conclusion of the refinancing process that gives the Company and all stake-holders a committed and stable foundation upon which to execute our growth plans. This document sets out the final pieces of that process, including the proposed move from the Official List to AIM and related matters.

These matters will require the approval of Shareholders and this is explained in full below. A General Meeting is to be held at the Company's offices on 10 February 2021 for the purpose of seeking such approvals. A notice convening the General Meeting, at which the Resolutions will be proposed, is set out at the end of this document. Resolution 1 in connection with the Delisting, being a special resolution, must be passed by a majority of 75 per cent. of votes cast by the Shareholders who vote at the General Meeting. Resolution 2 authorising the Directors to allot the Conversion Shares on the conversion of the Shareholders Loans and the new Ordinary Shares under the Warrants is an ordinary resolution and must be passed by a simple majority of votes cast by Shareholders who vote at the General Meeting. Resolution 3 in connection with the disapplication of the Shareholders' pre-emption rights in connection with the issue of the Conversion Shares and the new Ordinary Shares on any exercise of any of the Warrants, being a special resolution, must be passed by a majority of 75 per cent. of votes cast by the Shareholders who vote at the General Meeting. Resolution 4 in connection with the Rule 9 Whitewash, being an ordinary resolution, must also be passed by a simple majority of votes cast by the relevant

Independent Shareholders at the General Meeting. Unless the Rule 9 Whitewash is approved, the issue of the Conversion Shares and of new Ordinary Shares on any exercise of its Warrants to the Concert Party pursuant to its CULS Arrangement would trigger an obligation on the Concert Party to make a mandatory offer for the Company under Rule 9.

The purpose of this document is to (i) give you further details on the Proposals, including the background to and reasons for the Resolutions; (ii) give you further details of the proposed Waiver and Rule 9 Whitewash; (iii) explain why the Board considers the Proposals to be in the best interests of the Company and the Shareholders as a whole; and (iv) convene the General Meeting to obtain Shareholder approval for the Resolutions. If the Resolutions are passed at the General Meeting on 10 February 2021, the Delisting and AIM Admission are expected to take place on or about 12 March 2021 and the conversion of the Shareholder Loans into Conversion Shares pursuant to the CULS Arrangement and entry into the Warrants is expected to take place on the same day or shortly thereafter. The Warrants will be exercisable by the holders of the Warrants for one year following their issue.

Shareholders should read the whole of this document and not only rely on the information set out in this Part I (*Letter from the Non-Executive Chairman of Mothercare plc*) of this document.

2. THE TRANSFORMATION PLAN

As stated in May 2019 at the time of Mothercare's final results for the 53-week period ended 30 March 2019, the key strategic aim for the next period was to complete the transformation of the business. This comprised two key and related elements. First, to secure a financial structure for the whole of the Group which maintains a sustainable business model with a capacity to secure future growth. Second, to evolve, adapt and optimise the structure, format and model for the Group's UK retail operations within a Mothercare franchise. The Board's objective has been to preserve stakeholder value as the Company strives to optimise the level of sustainable long-term revenues and profitability going into 2021 and beyond.

The Board then undertook a root and branch review of the Group and the MUK retail business within it, which included numerous discussions with a number of potential partners regarding the Group's UK retail business. Despite the Company's best efforts, by autumn 2019 it became clear that the UK retail operations of MUK were not capable of returning to a level of structural profitability and returns that were sustainable for the Group and/or attractive enough for a third party partner to operate on an arm's length basis. Furthermore, the Company concluded that it was unable to continue to satisfy the ongoing cash needs of MUK, which threatened the viability of the Group as a whole. Accordingly, MUK was placed into administration on 5 November 2019.

Following the appointment of administrators to MUK, the Group reached agreement with them for the transfer of certain liabilities and assets from MUK to the Company's subsidiary Mothercare Global Brand Limited. These included amongst other things the rights and intellectual property attaching to the Mothercare brand and associated trademarks, the novation of a number of the commercial agreements relating to the Group's international franchise operations and the transfer of MUK's liabilities in respect of the Group's pension fund (including the deficit therein). These matters were completed on 5 November 2019.

Unfortunately, through the first quarter of 2020 the circumstances surrounding Covid-19 introduced an unprecedented demand shock, which led to a low point in April 2020 of only 27 per cent. of our Franchise Partners' global retail locations being open. Whilst substantially recovering since then this still equates to an aggregate current year reduction in retail sales by our Franchise Partners of approximately £155 million, compared to the same period last year. At that stage the Board activated contingency plans successfully to focus management attention upon the well-being of our colleagues alongside protecting corporate liquidity in order to preserve the businesses of our manufacturing and Franchise Partners as a prerequisite to returning to longer-term profitability.

Covid-19 notwithstanding, during 2020 we have secured operational developments including:

- Ten-year franchise agreement with Boots as exclusive UK and Republic of Ireland Franchise Partner, with the Mothercare brand becoming available in Boots stores and online from autumn 2020.

- Franchise agreement with Alshaya, our most significant Franchise Partner, for a fixed ten year term with an option to extend for a further ten years, providing assurance over Mothercare's largest commercial contract.

The Company set out the final elements to its transformation plan on 26 November 2020, including:

- ***New Debt Facilities***

  £19.5 million loan secured with GBB. GBB has agreed to provide the Group with the New Debt Facility, a senior secured term loan facility in the amount of £19.5 million, for the repayment of the existing secured debt and additional working capital purposes. The New Debt Facility is for a four year term at an interest rate of 12.0 per cent. per annum over a GB LIBOR floor of not less than 1 per cent. The facility is secured over the assets of the Group as a whole and benefits from a number of customary covenants and early repayment charges if it is refinanced prior to term.

- ***Revised Pension Arrangements***

  Agreement reached with the trustees of the Group's defined benefit pension schemes as to revised deficit payments for the next five years. The Board has agreed a schedule of payments to the Mothercare pension schemes, which will reduce the short-term cash contributions to the pension schemes whilst protecting their overall position through the improved financial covenant that the Group now represents.

  The agreed annual contributions to the pension schemes, for the years ending in March, are as follows: 2021 £3.2 million, 2022 £4.1 million, 2023 £9.0 million, 2024 £10.5 million, 2025 £12.0 million, 2026 to 2029 £15 million, 2030 £5.7 million.

  In addition to the above, the Group has paid the missed contribution for the financial year ended 28 March 2020 of £0.5 million into the pension scheme after the drawdown of the New Debt Facility, increasing the minimum payments in the 2020/21 financial year to £3.7 million. For the 2024/25 financial year of the £12 million payable by the Company, £3.4 million will be paid in equal instalments from November 2024 onwards. Finally the Group will pay up to £1.8 million as an additional contribution added to the £3.4 million in the 2024/25 financial year and paid on the same basis, subject to the £1.8 million being reduced pound for pound for any amount that the sum of the Pension Protection Fund levy due for the three years in September 2022, 2023 and 2024 exceeds £3 million and that when these payments fall due the Group has at least £10 million in its bank accounts after such payment.

  The Company has also given the trustees of the Mothercare pension schemes second ranking security over the Group's assets.

- ***The CULS Arrangement and the Warrants***

  Agreement has been reached with the holders of the Group's £13.5 million CULS due 30 June 2021 issued in 2018 and 2019 committing to convert these in their entirety to equity on 31 January 2021 or such later date as may be necessary and as may be agreed between the parties, subject to certain conditions including the approval of the Proposals by Shareholders and AIM Admission occurring.

  As a precondition to the provision of the New Debt Facility, the holders of the existing £13.5 million of CULS have entered into the CULS Arrangement and:

  (i) Committed to convert their entire holdings of CULS into new Ordinary Shares at 10p per Ordinary Share on 31 January 2021 or such later date as certain conditions have been met;

  (ii) Agreed to be subordinated to the New Debt Facility prior to the CULS conversion into new Ordinary Shares; and

  (iii) Conditionally agreed to subscribe for warrants over an aggregate 14,999,997 new Ordinary Shares, exercisable at 12 pence per Ordinary Share, pro rata to their interests in the CULS in consideration for agreeing these changes.

The CULS Arrangement is subject to the satisfaction of certain conditions including: Shareholder approval of the requisite authorities to issue the Conversion Shares and new Ordinary Shares under the Warrants; the approval of the Waiver by Independent Shareholders (further detail of which is set out in paragraph 8 of this Part I (*Letter from the Non-Executive Chairman of Mothercare plc*) of this document); and the Delisting and the AIM Admission. It is expected that the Company's issued share capital will increase from 374,192,494 Ordinary Shares in issue as of the Reference Date to 578,836,623 Ordinary Shares upon conversion of the Shareholder Loans and assuming exercise in full of all of the Warrants by all holders of Warrants.

Both Lombard Odier and Blake Holdings are significant shareholders in the Company and are regarded as related parties under Chapter 10 of the Listing Rules and will also be regarded as related parties under the AIM Rules following the Delisting and the AIM Admission. As such, the conversion of their respective Shareholder Loans into new Ordinary Shares will be classified as a related party transaction pursuant to the AIM Rules. The Company will make the required announcement on the conversion of the relevant Shareholder Loans and will obtain the requisite fair and reasonable opinion from its Nominated Adviser. For the avoidance of doubt, no conversion notices have been served on the Company as at the Reference Date and no conversion of any Shareholder Loans will take place prior to the AIM Admission.

3. FUTURE STRATEGY OF MOTHERCARE

Today and going forward, the Group's revenue principally derives from royalties payable on global Franchise Partners retail sales, operating through over 1,000 stores, present in the UK and some 40 other countries around the world.

We outlined a new asset light way of working with partners in our transformation plan update in March 2020 and this has continued to be developed with key Franchise Partners now operating on a revised model in which manufacturing partners invoice and are paid directly by the Franchise Partners for products. For these sales the creditors and stock will not be recognised by the Group and whilst the associated revenue will also be excluded there will be no impact on the margin earned, which will still be charged to the Franchise Partner. The responsibility for design, quality control and choice of manufacturing partner for these products remains with the Group.

Moving forward, through implementing the new operating model, together with changes in the associated cost structures and having addressed legacy issues, the steady state operation of our retail franchise operations in more normal circumstances could return to operating profits of £15 million. This reduction in future overheads will also support improving cash generation for the business.

The facts remain compelling: we estimate that there are at least 30 million babies born every year in the world, into markets addressable by the Mothercare brand, yet only 700,000 in aggregate in the UK. Hence whilst the UK is important for our brand heritage, especially with product now in selected Boots stores and online, it is certainly not the singular growth engine for the Group. Of the top 10 markets in the world, by wealth and birth rate, we are only represented in 3 of them today.

Completion of the transformation process signposts the route to Mothercare becoming a simplified, profitable, and cash generative business, representing a sea-change in our prospects from the perilous position reached just over a year ago. These are exciting times as we enter into new arrangements with our Franchise Partners designed to build the scale, scope and stature of our brand. Without the distractions of the last three years on the business, we can accelerate the growth of our franchise base to address large and attractive markets where we currently have no presence. The Board believes that the Group is on track to fulfil its promise and return to being a profitable and sustainable business.

4. CURRENT TRADING AND OUTLOOK FOR MOTHERCARE

Net worldwide retail sales for the three quarters to 2 January 2021 were £258 million, which was £155 million (38 per cent.) down on the same period for last year.

For the current financial year, the Group currently expects net worldwide retail sales of at least £320 million and invoiced shipments of £80 million, although shipments may be impacted by the current challenges in the movement of containers from Asia caused by Covid-19 which could delay some into the following financial year. Since March 2020, our Franchise Partners' retail sales fell sharply although we currently estimate that, excluding Boots, just under 90 per cent. of our partners' global retail stores are now open. As a global brand the impact of Covid-19 has varied enormously by market as the

various countries in which our Franchise Partners operate have addressed the Covid-19 pandemic in a variety of different ways including, but not limited to, restrictions on travel, movement and operating hours of retailers. Over the early phases we worked hard with both our franchise and manufacturing partners, whose factories had also been impacted by closures, to ensure the right product and right quantities were produced and shipped to markets on time. Whilst further restrictions could inevitably be introduced, we can see an improved picture over the balance of the financial year. In aggregate we estimate these impacts will have reduced Mothercare related revenues by a third in the current financial year as a whole.

Group revenue is expected to return to more normal levels in the short to medium term and has the potential to grow in line with or at a rate greater than the blended rate of economic growth in our Franchise Partners' markets reflecting the higher average birth rates in a number of these markets. The rate of sales growth will be driven by the number of territories we operate in, the aggregate number of store openings and closures together with online growth in any given year, the quality, breadth and appeal of Mothercare product and the like for like performance in a given market which will be driven by local factors including macroeconomic conditions, the birth rate and in market competition amongst other things.

Accordingly, due to reduced revenues following the impact of Covid-19 and the one-off costs associated with the restructuring and assuming no further material restrictions on our Franchise Partners' operations, the Group continues to expect to make a small EBITDA loss for the full-year. Please refer to paragraph 15 of Part II (*Additional Takeover Code Disclosures for the Purpose of the Rule 9 Whitewash*) of this document for further details.

5. DELISTING AND AIM ADMISSION

The Company first listed on the London Stock Exchange in 1972 with its listing on the main market continuing through various different corporate entities to this day. However, with the completion of the transformation plan the Board recognises that, commensurate with the Company now being a small-cap company, it should apply to cancel the listing on the Official List of its Ordinary Shares and to trading on the Main Market alongside applying to the London Stock Exchange for admission to trading on AIM, which would also have tax benefits for some investors.

The Board has carefully considered the position including the following:

- AIM was launched in 1995 as the London Stock Exchange's market specifically designed for smaller companies, with a more flexible regulatory regime, and has an established reputation with investors and is an internationally recognised market;
- AIM will offer greater flexibility with regard to corporate transactions, enabling the Company to agree and execute certain transactions more quickly and cost effectively than a company on the Official List;
- Companies whose shares trade on AIM are deemed to be unlisted for the purposes of certain areas of UK taxation, including possibly being eligible for relief from inheritance tax. Furthermore stamp duty is not payable on the transfer of shares that are traded on AIM and not listed on any other market;
- In addition to existing institutional investors, given the possible tax benefits, admission to trading on AIM could make the Company's shares more attractive to both AIM specific funds and certain retail investors where, since 2013, shares traded on AIM can be held in ISAs.

Accordingly, the Board considers that AIM is a more appropriate market for the Company at this stage and if Resolution 1 is passed by Shareholders, the Company will apply for the cancellation of its listing from the premium listing segment of the Official List on or about 11 February 2021.

If the Resolutions are not passed by Shareholders at the General Meeting, the Company will not be able to convert the CULS into Ordinary Shares to be issued to the holders of the CULS or issue the Warrants to the holders of the CULS. The Company would then have to repay the CULS on maturity on 30 June 2021 which could have an adverse effect on its financial position.

The CULS Arrangement is conditional on the Delisting and AIM Admission being approved by Shareholders. Accordingly, if Resolution 1 is not passed, none of the Delisting, the AIM Admission, the conversion of the CULS into the Conversion Shares or the issue of the Warrants would proceed and the Company's Shares would remain admitted to the Main Market. The Delisting and AIM Admission are not conditional on the completion of the CULS Arrangement (including the conversion of the CULS) and the associated Rule 9 Whitewash in relation to the Concert Party and therefore is not conditional on the passing of Resolutions 2 to 4 (inclusive).

In the event that Resolutions 2 to 4 relating to the authority to allot, the disapplication of pre-emption rights and the Rule 9 Whitewash were not approved, the Delisting and AIM Admission could still occur (subject to Shareholder approval of Resolution 1 and meeting the admission eligibility requirements of AIM).

Further details of the consequences of the Delisting and AIM Admission are set out in Part III (*Information on Delisting and AIM Admission*) of this document.

6. MANAGEMENT AND BOARD

The Company's management needs and requirements have evolved as we become a focused international brand owner and operator.

We believe that we have a PLC Board that is appropriate for a company of our size, nature and circumstances. Furthermore we have Non-Executive Directors with deeply embedded and relevant skills who have directly contributed to the change process and interface cohesively with the Operating Board.

Given that our short-term priorities have been to complete the refinancing and the transformation plan, alongside managing through the restrictions imposed upon us by Covid-19, we have paused the search for a new Chief Executive Officer. A further announcement will be made when we conclude the recruitment process.

In the interim, the day-to-day management of the Group is being run by the Chief Operating Officer and Chief Financial Officer with oversight from me as Non-Executive Chairman. Furthermore, we have reinforced the executive team with the addition of relevant skills and expertise, including the recent appointment of a Chief Product Officer, in anticipation of a new Chief Executive Officer bringing proven global brand & online retail experience.

7. DIVIDENDS AND DIVIDEND POLICY

The Company has not paid a dividend since 3 February 2012. The Directors do not expect to pay dividends until the business is returned to a sustainable and stable financial footing. The Directors understand the importance of optimising value for Shareholders and it is the Directors' intention to return to paying a dividend as soon as this is possible under the Company's agreements with GBB and the pension trustees and as soon as the Directors believe it is financially prudent for the Group to do so.

8. MATTERS ARISING FROM CULS ARRANGEMENT AND THE WARRANTS

In 2018 and 2019 the Company entered into the Shareholder Loans with DC Thomson, Lombard Odier and Blake Holdings, pursuant to which £13.5 million in aggregate was provided to the Company for use towards general corporate and working capital purposes of the Group. The CULS were fully drawn down and are convertible into Ordinary Shares at 10 pence per Ordinary Share at the option of the relevant Shareholder, subject to certain conditions.

The Company reached agreement on the CULS Arrangement with the holders of the CULS to permit the wider refinancing of the Group announced on 26 November 2020. Shareholders will now need to approve various matters in relation to the CULS Arrangement and the Warrants. In addition to the move to AIM, this includes authorising the Board to allot Ordinary Shares to the holders of the CULS under the CULS Arrangement and the Warrants and obtaining the Waiver under Rule 9 in respect of the Concert Party. Further detail on the Waiver is set out below.

Subject to the passing of Resolutions 2 and 3, and subject to the passing of Resolution 4 in respect of the conversion of the Shareholder Loans held by Blake Holdings and the issue of Warrants to Blake Holdings, following the AIM Admission, the Company intends to issue up to 204,644,129 new Ordinary Shares as a result of the conversion of the Shareholder Loans and assuming exercise in full of the Warrants by the holders of the Warrants, which represent 54.7 per cent. of the Company's current issued share capital as at the Reference Date and 35.4 per cent. of the Company's enlarged issued share capital. Assuming exercise in full of all of the Warrants, the Company will issue 2,222,222 Ordinary Shares to DC Thomson, 8,611,110 Ordinary Shares to Blake Holdings and 4,166,665 to Lombard Odier acting on behalf of a number of funds, amounting to an aggregate 14,999,997 new Ordinary Shares. The Company currently holds no Ordinary Shares in treasury.

Background to and Reasons for the Waiver and the Takeover Code

As at the Reference Date, (i) Richard Griffiths and his associated undertakings collectively held 77,624,573 Ordinary Shares (representing 20.74 per cent. of the voting rights in the Company) (further details of which are set out in paragraph 2 of Part II (*Additional Takeover Code Disclosures for the Purpose of the Rule 9 Whitewash*) of this document); and (ii) Blake Holdings held certain conversion rights attached to its Shareholder Loans as further described in paragraph 2 of Part II (*Additional Takeover Code Disclosures for the Purpose of the Rule 9 Whitewash*) of this document.

Richard Griffiths is the ultimate controller of each of Blake Holdings and Serendipity Capital Limited by virtue of his shareholdings. Accordingly, Richard Griffiths, Michael Bretherton, James Ede-Golightly, Blake Holdings and Serendipity Capital Limited are considered by the Takeover Panel to be acting in concert and are the members of the Concert Party.

Assuming: (i) conversion by Blake Holdings of its Shareholders Loans on the date of the AIM Admission but no exercise of its Warrants; (ii) no other person exercises any Warrants, convertibles securities, options or subscription rights issued by the Company (under the CULS Arrangement or otherwise); and (iii) no other changes in the Company's issued share capital between the date of this document and the date of the AIM Admission, the Company would issue 109,707,699 new Ordinary Shares to Blake Holdings representing 22.67 per cent. of the voting rights of the Company immediately following such conversion by Blake Holdings. **Based on these assumptions, the conversion by Blake Holdings of its Shareholder Loans would result in the Concert Party holding 187,332,272 Ordinary Shares representing 38.71 per cent. of the voting rights of the Company immediately following such conversion.**

Assuming: (i) conversion by Blake Holdings of its Shareholders Loans and exercise in full of its Warrants on the date of the AIM Admission (the earliest date on which the Warrants will be issued by the Company and can be exercised by Blake Holdings); (ii) no other person exercises any Warrants, convertibles securities, options or subscription rights issued by the Company (under the CULS Arrangement or otherwise); and (iii) no other changes in the Company's issued share capital between the date of this document and the date of the AIM Admission, the Company would issue 118,318,809 new Ordinary Shares to Blake Holdings representing 24.02 per cent. of the voting rights of the Company immediately following the conversion by Blake Holdings of its Shareholder Loans and exercise in full of its Warrants. **Based on these assumptions, the full conversion by Blake Holdings of its aggregate conversion rights and exercise of its Warrants on this basis by Blake Holdings would result in the Concert Party holding 195,943,382 Ordinary Shares representing 39.78 per cent. of the voting rights in the Company immediately following such conversion and exercise.**

Please refer to paragraph 2 of Part II (*Additional Takeover Code Disclosures for the Purpose of the Rule 9 Whitewash*) of this document for further details.

The issue of new Ordinary Shares to Blake Holdings or any member of the Concert Party pursuant to the conversion(s) of all of their CULS together with any New Ordinary Shares to be issued to Blake Holdings under its Warrants, therefore gives rise to certain considerations under the Takeover Code. Brief details of the Takeover Panel, the Takeover Code and the protections they afford are given below. The Board intend to take this opportunity to seek Independent Shareholder approval for a waiver of the obligation to make a general offer which would otherwise arise under Rule 9 in respect of the issue of the new Ordinary Shares to any member of the Concert Party.

The Takeover Code is issued and administered by the Takeover Panel. The Takeover Code applies, *inter alia*, to all takeovers and merger transactions, however effected, where the offeree company has

its registered office in the United Kingdom, the Channel Islands or the Isle of Man if any of its securities are admitted to trading on a regulated market or a multilateral trading facility in the United Kingdom or on any stock exchange in the Channel Islands or the Isle of Man. The Takeover Code will therefore continue to apply to the Company following the AIM Admission

Under Rule 9, any person who acquires an interest (as defined in the Takeover Code) in shares, whether by a series of transactions over a period of time or not, which, taken together with any interest in shares held by persons acting in concert (as defined in the Takeover Code) with him, in aggregate carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required by the Takeover Panel to make a mandatory general offer to all of the remaining shareholders to acquire their shares.

Rule 9 further provides that, *inter alia*, where any person who, together with persons acting in concert with him or her, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, and such person, or any person or persons acting in concert with him or her, acquires an additional interest in shares which increases the percentage of shares carrying voting rights in which he or she is interested, then such person is normally required to make a mandatory general offer to all of the remaining shareholders to acquire their shares.

A mandatory general offer under Rule 9 must be made in cash or be accompanied by a cash alternative and must be at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company acquired during the 12 months prior to the announcement of the offer.

Under the Takeover Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control, or to frustrate the successful outcome of an offer for a company subject to the Takeover Code. Control means an interest, or interests, in shares carrying, in aggregate, 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control. The members of the Concert Party are deemed to be acting in concert for the purposes of the Takeover Code.

Waiver and Whitewash Resolution

Note 10 on Rule 9.1 of the Takeover Code provides that, in general, the acquisition of securities convertible into, warrants in respect of, or options or other rights to subscribe for, new shares does not give rise to an obligation under Rule 9 to make a general offer but the exercise of any conversion or subscription rights or options will be considered to be an acquisition of an interest in shares for the purpose of the rule.

Under Note 1 of the Notes on the Dispensations from Rule 9, when the issue of new securities would otherwise result in an obligation to make a mandatory general offer under Rule 9, the Takeover Panel may grant a waiver of that obligation if, inter alia, the shareholders of a company who are independent of the person who would otherwise be required to make a mandatory general offer, and any person acting in concert with him or her, pass an ordinary resolution on a poll at a general meeting approving the proposals giving rise to the obligation to make a mandatory general offer under Rule 9 and the waiver of it by the Takeover Panel.

The Takeover Panel has agreed, subject to the passing of Resolution 4 by the Independent Shareholders on a poll at the General Meeting, to waive the obligation of the Concert Party, collectively and/or individually, to make a mandatory general offer under Rule 9 for the Ordinary Shares not already owned by it as would otherwise arise following completion of the issue and allotment to any member of the Concert Party of the Conversion Shares pursuant to the CULS Arrangement and new Ordinary Share on exercise of its Warrants.

Following conversion in full of the CULS Arrangement and the issue of new Ordinary Shares under the Warrants, the members of the Concert Party will between them be interested in shares carrying 30 per cent. or more of the Company's voting share capital, but will not hold shares carrying more than 50 per cent. of such voting rights and (or so long as they continue to be treated as acting in concert pursuant to the Takeover Code) any further increase in that aggregate interest in Ordinary Shares will be subject to the provisions of Rule 9.

To be passed, Resolution 4 will require a simple majority of the votes cast on a poll vote by Independent Shareholders. As the Waiver must be approved by the Independent Shareholders, no member of the Concert Party is able to vote on Resolution 4 and the members of the Concert Party have undertaken to the Company that they will not vote on Resolution 4. As at the Reference Date, the Concert Party held a 20.74 per cent. interest in the existing issued share capital of the Company.

In the event that Resolution 4 is approved and following the conversion by the Concert Party of its Shareholder Loans and exercise of its Warrants in full, the Concert Party will not be restricted from making an offer for the Company.

Further details of the Concert Party, the relationship of each member of the Concert Party with each other and their respective holdings before and after the completion of the Proposals is set out in Part II (*Additional Takeover Disclosures for the Purpose of the Rule 9 Whitewash*) of this document.

9. GENERAL MEETING

A notice convening a General Meeting of the Company to be held at 11:00 a.m. on 10 February 2021 at Westside 1, London Road, Hemel Hempstead, Hertfordshire, HP3 9TD is set out at the end of this document. A Form of Proxy to be used in connection with the General Meeting is enclosed. The purpose of the General Meeting is to seek Shareholders' approval for the following resolutions:

Resolution 1 – Delisting and AIM Admission

Resolution 1 is proposed as a special resolution to authorise the Directors to cancel the admission of the Ordinary Shares to listing on the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities and to apply for the admission of all of the Company's issued Ordinary Shares to trading on AIM, such cancellations and admission to take effect simultaneously.

Resolution 2 – Authority to allot New Ordinary Shares in respect of the CULS Arrangement

Resolution 2 is an ordinary resolution authorising the Directors to allot Ordinary Shares and grant rights to subscribe for or convert any security into Ordinary Shares up to a nominal amount of £2,046,441.29 in connection with the CULS and the Warrants. This authority will expire at the Company's next annual general meeting.

Resolution 3 – Disapplication of pre-emption rights in respect of the CULS Arrangement

Resolution 3 is a special resolution that, subject to Resolution 2 being passed, empowers the Directors to allot Ordinary Shares and grant rights to subscribe for or convert any security into Ordinary Shares pursuant to the authority given by Resolution 2, as if section 561 of the Companies Act 2006 did not apply to such allotment. This power will be limited to the allotment of new Ordinary Shares in connection with the Shareholder Loans and exercise of the Warrants in full. This authority will expire at the Company's next annual general meeting.

Resolution 4 – Rule 9 Whitewash

Resolution 4 relates to the Rule 9 Whitewash.

The Waiver will not proceed if Resolution 4 is not passed on a poll by the Independent Shareholders. Resolution 4 will be proposed as an ordinary resolution (to be taken on a poll of the Independent Shareholders voting in person and by proxy) and seeks the approval of the Independent Shareholders to waive the obligation on the Concert Party which would otherwise arise under Rule 9 as a result of the issue and allotment to any member of the Concert Party of up to 118,318,809 Ordinary Shares pursuant to the CULS Arrangement and the exercise of its Warrants. The members of the Concert Party have undertaken to the Company that they will not vote on Resolution 4.

10. ACTION TO BE TAKEN

You will find enclosed with this document a Form of Proxy to be used in connection with the General Meeting. It is important to us that our Shareholders have the opportunity to vote even if they are unable to come to the General Meeting. In light of the COVID-19 pandemic and the continuing measures on limiting group gatherings indoors, Shareholders are not permitted to attend the meeting in person. You

are kindly requested to submit your votes by proxy by appointing the chairman of the meeting as your proxy rather than a named person who will be refused entry. No business other than the Resolutions set out in the Notice of General Meeting will be dealt with. For Shareholders receiving this document and the Notice of General Meeting contained within it, in hard copy, a Form of Proxy is enclosed. You must complete and return a completed From of Proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by the Registrar by not later than 11:00 a.m. on 8 February 2021 (or, in the case of an adjournment, no later than 48 hours before the time fixed for the holding of the adjourned meeting).

You can also submit your votes electronically. Shareholders receiving notifications of documents available on our website are requested to submit their votes electronically by accessing the Registrar's website at www.sharevote.co.uk. To be valid, the electronic submission must be registered by not later than 11:00 a.m. on 8 February 2021 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). To vote online you will need to use your Voting ID, Task ID and Shareholder Reference Number printed on your proxy form. Full details of the procedure are given on the website www.sharevote.co.uk.

CREST members may also choose to utilise the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice of General Meeting at the end of this document, as soon as possible and in any event no later than 11:00 a.m. on 8 February 2021 (or in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

Questions can be submitted ahead of the general meeting by email to: investorrelations@mothercare.com. **For the avoidance of doubt, it will not be possible to vote in person at the General Meeting.**

If you hold your Ordinary Shares in uncertificated form (i.e. in CREST), you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrar by no later than 11:00 a.m. on 8 February 2021.

Unless the Form of Proxy, electronic vote or CREST Proxy Instruction is received by the date and time specified above, it will be invalid.

11. INDEPENDENT ADVICE IN RESPECT OF THE WAIVER

The Takeover Code requires the Directors to obtain competent independent advice regarding the merits of the Proposals. Numis has provided formal advice to the Directors regarding the Proposals and in providing such advice, Numis has taken into account the Directors' commercial assessments. Numis confirms that it, and any person who is or is presumed to be acting in concert with it, is independent of the Concert Party and has no personal, financial or commercial relationship, or arrangements or understandings with the Concert Party. Numis has given and has not withdrawn its written consent to the inclusion in this document of its name and the references to it in the form and context in which they are included.

12. RECOMMENDATION

The Board, having been so advised by Numis, considers the terms of the Proposals to be fair and reasonable as far as the Shareholders are concerned and therefore in the best interests of Shareholders taken as a whole. Accordingly, the Board unanimously recommends that you vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings, amounting in aggregate to 4,884,975 Ordinary Shares, which represent approximately 1.3 per cent. of the total voting rights in the Company as at the Reference Date.

Yours sincerely,

Clive Whiley
Non-Executive Chairman

PART II

ADDITIONAL TAKEOVER CODE DISCLOSURES FOR THE PURPOSE OF THE RULE 9 WHITEWASH

1. INFORMATION ON THE CONCERT PARTY

Richard Griffiths is the ultimate controller of each of Blake Holdings and Serendipity Capital Limited by virtue of his shareholdings in each of these. Michael Bretherton, along with Richard Griffiths, is a director of Blake Holdings. James Ede-Golightly is the sole director of Serendipity Capital Limited. Accordingly, Richard Griffiths, Michael Bretherton, James Ede-Golightly, Blake Holdings and Serendipity Capital Limited are considered by the Takeover Panel to be acting in concert and are the members of the Concert Party. As at the Reference Date, the Concert Party holds in aggregate 77,624,573 Ordinary Shares (representing 20.74 per cent. of the voting rights in the Company), and the conversion rights attached to the Shareholder Loans held by Blake Holdings as further described in paragraph 7 of Part I (*Letter from the Non-Executive Chairman of Mothercare plc*) of this document.

Richard Griffiths

Richard Griffiths is the chairman and founder of ORA Limited. He is also chairman of Sarossa Plc. Richard Griffiths has had a long career founding, running, investing in and advising growth companies. Previously, he was founder and executive chairman of The Evolution Group Plc, a financial group, taking it from start up to FTSE 250 membership within five years. Richard Griffiths subsequently went on to become founder and chairman of ORA Capital Partners Plc in 2006 and later distributed the company's profits and assets back to shareholders in 2013, before setting up ORA Limited in Jersey in 2014. In addition, Richard Griffiths has been a venture or strategic investor in many successful private and listed UK and international companies.

Blake Holdings

Blake Holdings was incorporated in Jersey on 14 August 2013 as a private limited company for the purpose of holding and managing investments within its investment portfolio.

The directors, registered office and other incorporation information of Blake Holdings are as follows:

Directors	Richard Griffiths and Michael Bretherton
Registered office	Kensington Chambers, 46/50 Kensington Place, St Helier, Jersey JE1 1ET
Place of incorporation	Jersey
Registered number	113725

In the latest financial period for the 15 months to 31 March 2020 Blake Holdings reported revenues of £30.9 million, a profit after tax of £30.8 million and net assets of £47.0 million. Blake Holdings is not required to publish audited accounts or preliminary statements of annual results, half-yearly financial reports or interim financial information as a consequence of being a private limited company whose shares are not admitted to trading on a UK regulated market or on AIM or the AQSE.

Serendipity Capital Limited

Serendipity Capital Limited was incorporated in Guernsey on 25 May 2018 as a private limited company for the purpose of holding and managing investments within its investment portfolio.

The directors, registered office and other incorporation information of Serendipity Capital Limited are as follows:

Directors	James Ede-Golightly
Registered office	Mont Crevelt House, Bulwer Avenue, St Sampson, Guernsey GY2 4LH
Place of incorporation	Guernsey
Registered number	65102

In the last financial year to 31 December 2019 Serendipity Capital Limited reported revenues of £35.4 million, a profit after tax of £35.4 million and net assets of £35.4 million. Serendipity Capital Limited is not required to publish audited accounts or preliminary statements of annual results, half-yearly financial reports or interim financial information as a consequence of being a private limited company whose shares are not admitted to trading on a UK regulated market or on AIM or the AQSE.

General

No member of the Concert Party has any public, current credit rating or outlook from a ratings agency.

Blake Holdings has used, or will use, as the case may be, existing cash resources to finance the provision of its Shareholder Loans and the exercise of the Warrants. Neither the provision of its Shareholder Loans nor the exercise of its Warrants has had, or will have, as the case may be, any effect on the earnings, assets or liabilities of Blake Holdings.

2. DISCLOSURE OF INTERESTS AND DEALINGS IN SHARES

2.1 ***Definitions***

For the purposes of this paragraph 2, references to:

2.1.1 "**acting in concert**" has the meaning attributed to it in the Takeover Code;

2.1.2 "**arrangement**" includes any indemnity or option arrangements, or any agreement or understanding, formal or informal, of whatever nature, relating to the relevant securities which may be an inducement to deal or refrain from dealing;

2.1.3 "**associate**" includes (without limitation) in relation to a company:

(a) its parent, subsidiaries and fellow subsidiaries, its associated companies and companies of which any such companies are associated companies (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);

(b) its connected advisers (as defined in the Takeover Code) or the connected advisers to a company covered in (a) above, including persons (other than exempt principal traders or exempt fund managers) controlling, controlled by or under the same control as such connected advisers;

(c) its directors (together with their close relatives and related trusts);

(d) its pension funds or the pension funds of a company covered in (a) above; and

(e) its employee benefit trusts or those of a company covered in (a) above;

2.1.4 "**borrowed or lent**" includes for these purposes any financial collateral arrangement of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code, but excludes any borrowed shares which have either been redelivered or accepted for redelivery;

2.1.5 "**connected persons**" means in relation to a director, those persons whose interests in Ordinary Shares the director would be required to disclose pursuant to Part 22 of the Companies Act and related regulations and includes any spouse, civil partner, infants (including step children), relevant trusts and any company in which a director holds at least 20 per cent. of its voting capital;

2.1.6 "**dealing**" or "**dealt**" includes:

(a) acquiring or disposing of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;

(b) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any relevant securities;

(c) subscribing or agreeing to subscribe for relevant securities;

(d) exercising or converting, whether in respect of new or existing relevant securities, any relevant securities carrying conversion or subscription rights;

(e) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying, a derivative referenced, directly or indirectly, to relevant securities;

(f) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities;

(g) redeeming or purchasing, or taking or exercising an option over, any of its own relevant securities by the offeree company or an offeror; and

(h) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;

2.1.7 a person having an "**interest**" in relevant securities includes where a person:

(a) owns securities;

(b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities or has general control of them;

(c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or

(d) is party to any derivative whose value is determined by reference to the prices of securities and which results, or may result, in his having a long position in them;

2.1.8 "**relevant securities**" includes:

(a) securities of an offeree company which are being offered for or which carry voting rights;

(b) equity share capital of the offeree company and an offeror;

(c) securities of an offeror which carry substantially the same rights as any to be issued as consideration for the offer; and

(d) securities of an offeree company and an offeror carrying conversion or subscription rights into any of the foregoing.

2.2 ***Interests of the Concert Party***

The interests of the Concert Party in relevant securities of the Company are set out below:

Party	*Number of shares*[1]	*Percentage of existing issued share capital*[1]	*Assuming full exercise of conversion rights attached to the 2018 Shareholder Loans only, maximum number of shares*[2]	*Assuming full exercise of conversion rights attached to the 2018 Shareholder Loans only, maximum percentage of enlarged issued share capital*[2]	*Assuming full exercise of conversion rights attached to the 2019 Shareholder Loans only, maximum number of shares*[3]	*Assuming full exercise of conversion rights attached to the 2019 Shareholder Loans only, maximum percentage of enlarged issued share capital*[3]	*Assuming full exercise of conversion rights and of the Warrants maximum number of shares*[4]	*Assuming full exercise of conversion rights and of the Warrants maximum percentage of enlarged issued share capital*[4]
Richard Griffiths	53,092,547	14.19%	53,092,547	11.83%	53,092,547	12.97%	53,092,547	10.78%
Blake Holdings Limited	0	0.00%	74,428,163	16.59%	35,279,536	8.62%	118,318,809	24.02%
Serendipity Capital Limited	24,532,026	6.56%	24,532,026	5.47%	24,532,026	5.99%	24,532,026	4.98%
Total	77,624,573	20.74%	152,052,736	33.89%	112,904,109	27.57%	195,943,382	39.78%

Notes:

(1) Excludes the conversion rights attached to the Shareholder Loans held by Blake Holdings and assuming no exercise of the Warrants.

(2) Assuming the full exercise of the conversion rights attached to the 2018 Shareholder Loans (only) held by Blake Holdings on the date of the AIM Admission and assuming no exercise of the Warrants, and no other changes in the Company's issued share capital between the date of this document and the date of the AIM Admission.

(3) Assuming the full exercise of the conversion rights attached to the 2019 Shareholder Loans (only) held by Blake Holdings on the date of the AIM Admission and assuming no exercise of the Warrants, and no other changes in the Company's issued share capital between the date of this document and the date of the AIM Admission.

(4) Assuming: (i) the full exercise of the conversion rights attached to the Shareholder Loans held by Blake Holdings on the date of the AIM Admission; exercise in full of its Warrants on the date of the AIM Admission (the earliest date on which the Warrants will be issued by the Company and can be exercised by Blake Holdings); (ii) no other person exercises any Warrants, convertibles securities, options or subscription rights issued by the Company (under the CULS Arrangement or otherwise); and (iii) no other changes in the Company's issued share capital between the date of this document and the date of the AIM Admission.

It is not intended that any of the Conversion Shares or any of the new Ordinary Shares to be issued to Blake Holdings on the exercise of its Warrants will be transferred to any other persons.

2.3 ***Dealings by the Concert Party***

The following dealings in relevant securities of the Company by members of the Concert Party have taken place in the 12 months ended on the Reference Date:

Party	*Date of transaction*	*Transaction*	*Number of Ordinary Shares*	*Price per Ordinary Share (pence)*
Michael Bretherton	15 October 2020	Purchase of Ordinary Shares in the Company	150,000	14.8160
Michael Bretherton	05 January 2021	Sale of Ordinary Shares in the Company	150,000	11.1645

The Panel will not normally waive an obligation under Rule 9 if any member of the Concert Party, or any person acting in concert with it, has acquired any interest in relevant securities in the Company in the 12 months preceding the date of this document but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the proposed new issue of ordinary shares that gives rise to the need for the Waiver. In addition, the Waiver will be invalidated if any member of the Concert Party acquires any interest in relevant securities of the Company in the period between the date of this document and the General Meeting.

The Panel has considered the transactions detailed above and, in these specific circumstances, has confirmed that the dealings by Michael Bretherton will not prejudice the grant of the Waiver.

2.4 ***Interests and dealings of the directors of the Concert Party***

Save as disclosed in this paragraph 2 with respect to the Concert Party:

2.4.1 none of the directors of any member of the Concert Party had an interest in relevant securities of the Company as at the Reference Date; and

2.4.2 none of the directors of any member of the Concert Party have dealt in relevant securities of the Company in the 12 months ended on the Reference Date.

2.5 ***Dealings of the Directors of the Company***

The following dealings in relevant securities of the Company by the Directors have taken place in the 12 months ended on the Reference Date:

Party	*Date of transaction*	*Transaction*	*Number of Ordinary Shares*	*Price per Ordinary Share (pence)*
Andrew Cook	23 December 2020	Grant of options over Ordinary Shares under the SAYE share option plan	180,000	10

Party	*Date of transaction*	*Transaction*	*Number of Ordinary Shares*	*Price per Ordinary Share (pence)*
Andrew Cook	30 September 2020	Purchase of Ordinary Shares in the Company	862,375	11.5904
Clive Whiley	28 September 2020	Purchase of Ordinary Shares in the Company	225,890	10
Andrew Cook	28 September 2020	Grant of nil cost options over Ordinary Shares under the LTIP	2,590,000	Nil

2.6 ***Director Interests in Ordinary Shares***

As at the Reference Date, the interests of the Directors, their close relatives and related trusts and connected persons (all of which are beneficial unless otherwise stated) in relevant securities of the Company were as follows:

Director	*Legally owned*	*LTIP awards (unvested)*	*STIP deferred shares (unvested)*	*SAYE (unvested)*
Executive Director				
Andrew Cook	862,375	3,299,601	N/A	180,000
Non-Executive Directors				
Clive Whiley	1,225,890	774,110	N/A	Nil
Brian Small	Nil	N/A	N/A	N/A
Gillian Kent	Nil	N/A	N/A	N/A
Mark Newton-Jones	2,796,710	752,486	Nil	Nil

2.7 ***General***

2.7.1 Save as disclosed in paragraph 2 of this Part II (*Additional Takeover Code Disclosures for the Purpose of the Rule 9 Whitewash*) of this document, no member of the Concert Party, their subsidiaries nor any of their respective directors, nor any close relatives, related trusts or connected persons, nor any person acting in concert with any member of the Concert Party owns or controls or is interested, directly or indirectly in, or has borrowed or lent (save for any borrowed securities which have either been on-lent or sold), has rights to subscribe for, or has any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in, any relevant securities of the Company, nor has any such person dealt therein during the 12 months prior to the Reference Date.

2.7.2 Save as disclosed in paragraph 2.6 of this Part II (*Additional Takeover Code Disclosures for the Purpose of the Rule 9 Whitewash*) of this document, neither any of the Directors nor any of their close relatives or related trusts (so far as the Directors are aware having made due enquiry) nor any person acting in concert with the Company is interested, directly or indirectly, has rights to subscribe to, or has any short position in relevant securities of the Company, nor has any such person dealt therein during the 12 months prior to the Reference Date.

2.7.3 Neither the Company, the Directors, nor any person acting in concert with the Company has borrowed or lent any relevant securities (save for any borrowed securities which have either been redelivered or accepted for redelivery).

2.7.4 Neither the Company, nor any of the Directors nor any of their connected persons is interested directly or indirectly in, or has rights to subscribe for, or has any short position

in relevant securities of any member of the Concert Party or any interest or security which is convertible into, or exchangeable for, rights to subscribe for and options in respect of, and derivatives referenced to, any such relevant securities.

2.7.5 There is no arrangement relating to relevant securities which exists between any member of the Concert Party, or their respective groups or, so far as the members of the Concert Party are aware, any person acting in concert with any member of the Concert Party or their respective groups, and any other person, nor between the Company or, so far as Company is aware, any person acting in concert with the Company and any other person.

3. ARRANGEMENTS WITH THE CONCERT PARTY

There is not any agreement, arrangement or understanding (including any compensation arrangement) which exists between any member of the Concert Party or any person acting in concert with any member of the Concert Party and any of the Directors, recent directors of the Company, Shareholders or recent shareholders of the Company, or any other person interested or recently interested in Ordinary Shares, which has any connection with or dependence upon the Proposals.

If Resolution 4 (Rule 9 Whitewash) is passed by the Independent Shareholders on a poll, there is no agreement, arrangement or understanding for the transfer by any member of the Concert Party of its Ordinary Shares to any third party.

No member of the Concert Party nor any person acting in concert with any member of the Concert Party has any arrangement, agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing.

No member of the Concert Party nor any of their associates has received any irrevocable commitment or letter of intent in relation to relevant securities of Mothercare.

4. INTENTIONS OF THE CONCERT PARTY FOR THE COMPANY

The 2019 Shareholder Loans were entered into to assist with strengthening the Company's financial position alongside a placing of Ordinary Shares undertaken by the Company on 5 November 2019. The CULS Arrangement was entered into between the Company and Blake Holdings to further strengthen the Company's balance sheet. Pursuant to its CULS Arrangement, Blake Holdings also conditionally agreed to subscribe for its Warrants in consideration for the subordination of its credit position to the GBB Loan and the pension scheme, and pending the conversion of its Shareholder Loans into new Ordinary Shares. On exercise of these Warrants, Blake Holdings will pay for any new Ordinary Shares received at that point which will further strengthen the Company's balance sheet at that point in time.

No member of the Concert Party has any intention to make any changes in relation to:

(a) the future business, investment and research and development of the Company;

(b) the continued employment of the Group's employees and management, including the continued employment of, or the conditions of employment and any such rights relating thereto of, any of the Group's employees and management;

(c) the strategic plans of the Company;

(d) the locations of the Company's headquarters, headquarter functions or places of business;

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

(f) the redeployment of any fixed assets of the Company; or

(g) the maintenance of any existing trading facilities for the Company's Ordinary Shares.

No member of the Concert Party intends to change their own current business strategy as a result of the provision of the Shareholder Loans entered into by Blake Holdings or the exercise of its conversion rights thereunder and the Warrants and the Proposals will not affect the business and prospects of any member of the Concert Party.

No member of the Concert Party proposes to put any incentivisation arrangements in place for the Company's management in connection with the Proposals.

If Resolution 4 is passed by the Independent Shareholder on a poll at the General Meeting, no member of the Concert Party will be restricted from making an offer for the Company.

The Board notes that in the event that the Resolutions are passed by Shareholders and the Waiver is granted by the Takeover Panel, and assuming (i) conversion by Blake Holdings of its Shareholders Loans and exercise in full of its Warrants on the date of the AIM Admission (the earliest date on which the Warrants will be issued by the Company and can be exercised by Blake Holdings); (ii) no other person exercises any Warrants, convertibles securities, options or subscription rights issued by the Company (under the CULS Arrangement or otherwise); and (iii) no other changes in the Company's issued share capital between the date of this document and the date of the AIM Admission, the Company would issue 118,318,809 new Ordinary Shares to Blake Holdings representing 24.02 per cent. of the voting rights of the Company immediately following the conversion by Blake Holdings of its Shareholder Loans and exercise in full of its Warrants. Based on these assumptions, the Concert Party would hold in aggregate 195,943,382 Ordinary Shares, representing 39.78 per cent. of the voting rights in the Company, giving them significant potential influence over the Company as a whole. However, the Board has a good and long term relationship with the Concert Party and does not expect any change in the strategy or direction of the Group in these circumstances. The Board notes that the Concert Party does not have any strategic plans for the Company and has no intentions to make any changes to the business of the Company and therefore the Board does not believe that the implementation of the Proposals will have any repercussions on employees of the Company and the locations of the Company's places of business.

5. MIDDLE MARKET QUOTATIONS

The middle market quotations for the Company on the first business day of each of the six months preceding the date of this document and on the Reference Date as derived from the London Stock Exchange Daily Official List, were:

Date	*Price (p)*
21 January 2021	11.90
4 January 2021	11.30
1 December 2020	12.25
2 November 2020	11.50
1 October 2020	11.00
1 September 2020	7.31
3 August 2020	5.54

6. MATERIAL CONTRACTS OF THE CONCERT PARTY

No member of the Concert Party has entered into any material contract outside the ordinary course of business within the two years immediately preceding the Reference Date.

7. MATERIAL CONTRACTS OF THE COMPANY

The following is a summary of each material contract (not being entered into in the ordinary course of business) which has been entered into by any member of the Group within the two years immediately preceding the date of this document:

7.1 ***Disposal Agreement***

Early Learning Centre Limited ("**ELC**"), MUK, Mothercare and TEAL Brands Limited ("**Teal**") entered into an asset purchase agreement dated 12 March 2019 governing the terms and conditions of the disposal of the business and certain assets of ELC to Teal, a subsidiary of TEAL Group Holdings, the holding company of the Entertainer group of companies ("**The Entertainer**") (the "**Disposal Agreement**"). The total expected cash consideration payable under the Disposal Agreement was £13.5 million, of which £6 million was received on completion of the disposal.

The Disposal Agreement contained certain customary restrictions (subject to certain exceptions) on the Group, for a period of 12 months from the date of completion, which restricted it from competing with the ELC business or soliciting certain key relationships of the ELC business.

The Disposal Agreement contained customary warranties (subject to customary limitations) granted by ELC that are normal for this type of transaction (including those based on the outcome of the due diligence exercise undertaken by Teal) in relation to, amongst other things its power and ability to enter into and perform the Disposal Agreement and ownership, use and possession of the assets (including stock and intellectual property) being sold by ELC to Teal.

The Disposal Agreement also contained customary indemnities (which are financially capped) provided by ELC that are normal for this type of transaction in relation to the transfer of the employees being transferred to Teal in relation to the Transfer of Undertakings (Protection of Employment) Regulations 2006.

The Disposal Agreement was governed by English law.

7.2 ***Transitional Services Agreement***

MUK and Teal entered into the transitional services agreement on 22 March 2019 in relation to certain services to be provided by MUK to Teal (the "**TSA**"). These services include access to contain resources of the Group on an "as is" basis i.e. to the same standard as provided in the 12 months preceding completion of the Disposal Agreement.

The majority of the services provided under the TSA are for a pre-determined term, such as the provision of sales by MUK from previous years for data comparison and access to brand suppliers for new in flight stores/shop fit materials which both had an anticipated end date of 22 March 2020, with certain TSA Services which continued until the end of May 2020. The Transitional Services Agreement is governed by English law.

7.3 ***Supply Agreement***

MUK and Teal entered into a supply agreement on 22 March 2019 in connection with the supply of ELC products and other toys (the "**Supply Agreement**") to MUK. In addition, MUK was entitled to a commission of 27.5 per cent. on all sales of Teal supplied products through the Mothercare stores and online ("**Earn Out Commission**"). For the first two years following 13 May 2019 (the "**Earn Out Period**"), MUK would have been entitled to a minimum of £2 million of Earn Out Commission, payable over the Earn Out Period, as to £1 million during the first year and £1 million during the second year, however, MUK was placed into administration on 5 November 2019 and therefore no Earn Out Commissions were earned.

The Supply Agreement further contained certain customary restrictions (subject to certain exceptions) on the Group throughout the term which restricted it from selling toys and games (other than Mothercare branded toys and games) and soliciting Teal staff.

The Supply Agreement was governed by English law.

7.4 ***Commercial and Co-Existence Agreement***

MUK, Mothercare, ELC, Teal and Teal's parent, Teal Group Holdings Limited, entered into a commercial and co-existence agreement on 22 March 2019 in order to address the operation of ELC shop-in-shops concessions or shelf space in Mothercare stores (the "**CCA**").

The CCA was entered into for an initial period of twenty years and thereafter until the termination or expiry of the franchising contracts which were transferred under the Disposal Agreement. The CCA may be terminated at any time by mutual written agreement. All royalties arising out of the franchise agreements will belong to Teal, except royalties arising where third party branded toys and games are sold by the franchisee in a Mothercare store or webstore which will belong to ELC ("**ELC Royalty**").

The CCA was governed by English law.

7.5 ***2019 Shareholder Loans***

The Company as borrower entered into four separate unsecured convertible loan agreements (the "**2019 Shareholder Loan Agreements**") each dated 14 November 2019, pursuant to which an aggregate of £5,500,000 has been made available. The 2019 Shareholder Loans have been provided by the following lenders ("**2019 Lenders**") in the following amounts:

(a) Blake Holdings – £2,750,000;

(b) LMAP Epsilon Limited (acting by Lombard Odier) – £990,000;

(c) 1798 Volantis Fund Ltd (acting by Lombard Odier) – £990,000; and

(d) 1798 UK Small Cap Best Ideas Fund Ltd (acting by Lombard Odier) – £770,000.

The 2019 Shareholder Loans are available for a three-year term to 30 June 2021 for use towards general corporate and working capital purposes of the Group and are fully utilised, having been conditional only on the public announcement made on 5 November 2019.

The 2019 Shareholder Loans are convertible into the new Ordinary Shares at the option of the relevant shareholder, on satisfaction of conditions set out in the 2019 Shareholder Loans including the passing of certain resolutions by the Shareholders and in relation to the Concert Party's holding only, a waiver being granted under the Takeover Code and an associated resolution being passed by Independent Shareholders.

The 2019 Shareholder Loan Agreements provide for a monthly interest rate of 0.8333 per cent., which is capitalised into principal each month.

The Company has an obligation to procure the satisfaction of all conditions to conversion within 10 weeks of the delivery of a conversion notice and accordingly, the Company intends to convene a general meeting of its Shareholders to approve the relevant resolutions to allow for the conversion.

At the option of each 2019 Lender, the outstanding principal amounts under each 2019 Shareholder Loan may be converted into ordinary shares of the Company on 31 May and 30 November of each year during the term.

The price per new Ordinary Share on conversion of the 2019 Shareholder Loans into the new Ordinary Shares will be at the lower of: (i) 10 pence per new Ordinary Share; and (ii) the lowest price per share of the Company paid for newly issued shares of the Company by investor(s) from a single issue of shares to any person(s) after 14 November 2019, not including any grant or award, in the ordinary course, of options or Ordinary Shares pursuant to the Company's executive or employee share schemes or incentive plans.

Under the 2019 Shareholder Loan Agreements, the 2019 Lenders holding at least 51 per cent. in aggregate of the facility amount made available under the 2019 Shareholder Loan Agreements are entitled to nominate a single director to the Directors of the Company if:

(a) Mr. Clive Whiley ceases to be a Director at any time prior to 30 June 2021; and

(b) the 2019 Lenders hold at least 5 per cent. in aggregate of the voting ordinary shares in the Company.

The 2019 Shareholder Loan Agreements require the Company to observe certain customary undertakings such as compliance with applicable laws.

The 2019 Shareholder Loan Agreements also require the Company and certain subsidiaries to comply with certain customary negative covenants such as incurring any further financial indebtedness (subject to certain exceptions) and events of default.

7.6 ***CULS Arrangement and the Warrants***

The Company has entered into five separate agreements in respect of the conversion of the convertible loan notes granted pursuant to the 2019 Shareholder Loan Agreements each dated 26 November 2020, pursuant to which the 2019 Lenders and DC Thomson (as lender under one

of the 2018 Shareholder Loans) agreed to convert all of their respective convertible loan notes into Ordinary Shares on 31 January 2021 (or such later date as the conversion conditions are met or waived) in the following amounts of Conversion Shares:

(a) Blake Holdings – 109,707,699 Conversion Shares;

(b) DC Thomson – 29,771,265 Conversion Shares;

(c) LMAP Epsilon Limited (acting by Lombard Odier) – 20,143,449 Conversion Shares;

(d) 1798 Volantis Fund Ltd (acting by Lombard Odier) – 20,143,449 Conversion Shares; and

(e) 1798 UK Small Cap Best Ideas Fund Ltd (acting by Lombard Odier) – 9,878,270 Conversion Shares.

The price per Conversion Share has been agreed at 10 pence per new Ordinary Share. In addition, each of the above have conditionally accepted Warrants over an aggregate of 14,999,997 Ordinary Shares, exercisable at 12 pence per Ordinary Share, pro rata to their respective interests in the CULS in consideration to agreeing to the Company entering into the GBB Loan and agreeing a revised schedule of payments with the Group's pension trustees. The Warrants will be entered into by the Company and the holders of the Warrants on the date of the AIM Admission and will be exercisable for a period of one year from their respective execution.

To the extent that the Warrants are exercised in full by each holder of Warrants at a price of 12 pence per new Ordinary Share, the Company will issue new Ordinary Shares in the following amounts to:

(a) Blake Holdings – 8,611,110 new Ordinary Shares;

(b) DC Thomson – 2,222,222 new Ordinary Shares;

(c) LMAP Epsilon Limited (acting by Lombard Odier) – 1,655,555 new Ordinary Shares;

(d) 1798 Volantis Fund Ltd (acting by Lombard Odier) – 1,655,555 new Ordinary Shares; and

(e) 1798 UK Small Cap Best Ideas Fund Ltd (acting by Lombard Odier) – 855,555 new Ordinary Shares.

All agreements are governed by English law.

7.7 ***GBB Loan***

Background

Mothercare Global Brand Limited as borrower and guarantor entered into a term loan facility agreement (the "**Facility Agreement**") dated 26 November 2020 with GB Europe Management Services Limited acting as lender (the "**Lender**"). The Company, along with various other Group members, entered into the Facility Agreement as guarantor.

The Facility Agreement provides for a term loan facility comprising, as at the date of this document, commitments of £19,500,000 (the "**Facility**").

The Facility is available to Mothercare Global Brand Limited for: (i) Mothercare Finance (2) Limited's acquisition of the outstanding loans and balances under existing secured debt; (ii) to refund the Lender for the cash collateral it posted to HSBC Bank plc in relation to certain existing secured debt; and (iii) once the loans and balances outstanding under the existing secured debt have been acquired in full, the general corporate and working capital purposes of the Group.

Mandatory prepayment

The Facility will be immediately cancelled and become immediately due and payable upon the occurrence of either of the following events:

(a) a change of control of the Company (as more particularly described in the Facility Agreement); or

(b) the sale of all or substantially all of the assets of the Group whether in a single transaction or a series of related transactions.

Maturity

The termination date for the Facility is 26 November 2024, being 48 months after the utilisation date of the Facility. Mothercare Global Brand Limited shall repay the aggregate loans made under the Facility in full on the termination date.

Interest rates and fees

Utilisations under the Facility Agreement bear interest for each interest period at a rate per annum equal to LIBOR (subject to a floor of 1 per cent.) plus a margin.

The margin on the Facility is subject to a margin "ratchet". The initial margin is 12 per cent. per annum. Pursuant to the margin ratchet, the margin is adjusted if a revenue target condition is met for the 12 month period ending on the first anniversary of the closing date and/or each subsequent 12 month period ending on each subsequent anniversary of the closing date. This condition is achieved if the Group (on a consolidated basis) achieves a gross margin for each of the four-week reporting periods in such trailing 12 month period which is equal to or exceeds the amount set out as 'partner contributions' in the Group business plan for that 12 month period. If the revenue target condition is met for the 12 month period from and including the original utilisation date to, but excluding, the first anniversary of the closing date, the margin shall be reduced to 11.75 per cent. per annum for the following year up to but excluding the second anniversary of the closing date. For the remainder of the term of the Facility Agreement, the margin may be reduced by 0.25 per cent. if the revenue target condition is satisfied for any subsequent 12 month period (such reduction only being possible once).

The Facility also bears customary commitment, monitoring, agency and security agent fees.

Guarantees and security

The Company is required to procure that certain of its material subsidiaries provide guarantees and security for the benefit of the Lender. The Company is also required to ensure that the aggregate of the EBITDA, gross assets and turnover of the guarantors under the Facility Agreement are at all times, greater than 90 per cent. of the total consolidated EBITDA, gross assets and turnover of the Group (subject to certain agreed exclusions).

Covenants and events of default

The Facility Agreement requires the Company and certain subsidiaries to provide certain indemnities and comply with certain undertakings and covenants, including financial covenants in relation to royalties revenue, material franchisees, minimum EBITDA and liquidity. The financial covenants will be tested on the basis further described in the Facility Agreement.

The Facility Agreement also contains customary event of default provisions together with event of default provisions specific to the nature of the business of the Group.

7.8 ***Standby Underwriting Letter***

On 5 November 2019, the Company entered into a standby underwriting letter (the "**Standby Underwriting Letter**") with Numis, pursuant to which Numis agreed to underwrite a further capital raising by the Company to raise aggregate gross proceeds of up to £25.0 million (which was later amended by a side letter dated 14 November 2019 to £20 million), on the terms of a placing agreement to be agreed between the Company and Numis. In consideration of Numis entering into the Standby Underwriting Letter, the Company agreed to pay Numis a standby underwriting commission of 0.2 per cent. of the maximum aggregate gross proceeds of the capital raising for each weekly period (or part thereof, as calculated on a per day basis) from (and including) 5 November 2019 until (and including) the earlier of: (a) the date of the execution of the underwriting agreement; or (b) the date on which the Standby Underwriting Letter is terminated. The Company agreed to bear all expenses and fees of Numis' professional advisers. On 30 March 2020 the Board determined that it was, for the time being, in the better interests of stakeholders to pursue additional debt facilities for its reduced finance requirements rather than pursuing an equity solution and did not extend the Standby Underwriting Letter.

7.9 ***Placing Agreement (November 2019)***

On 5 November 2019, the Company entered into a placing agreement (the "**2019 Placing Agreement**") with Numis.

Pursuant to the 2019 Placing Agreement, Numis procured Placees for 32,359,450 new Ordinary Shares (the "**2019 Placing Shares**") at an issue price of 10 pence per new Ordinary Share (the "**2019 Placing Price**") (the "**2019 Placing**").

In connection with the 2019 Placing, the Company agreed to pay Numis an aggregate commission of 3.00 per cent. of the aggregate of the product of (i) the 2019 Placing Price and (ii) the number of 2019 Placing Shares. The Company further agreed to pay all expenses incurred by Numis in connection with the 2019 Placing.

Numis' obligations in relation to the 2019 Placing were conditional on the 2019 Admission occurring not later than 8.00 a.m. on 7 November 2019 and on certain customary and other conditions.

The Company gave certain customary representations, warranties and undertakings to Numis including, among other things, warranties in relation to the business, the historical financial information and the information contained in this document.

The Company also gave customary undertakings for an agreement of this type to the Underwriters.

The 2019 Placing occurred on 5 November 2019 and the 2019 Admission occurred on 7 November 2019.

8. COMPANY'S FINANCIAL INFORMATION

The following documents are incorporated by reference in this document in compliance with Rule 24.15 of the Takeover Code, and are available from the Company's website at www.mothercareplc.com:

Reference document	*Information incorporated by reference*	*Page number in the reference documents*
Mothercare plc interim results for the 28 week period ended 10 October 2020	Condensed Consolidated Income Statement	Page 5
	Condensed Consolidated Statement of Comprehensive Income	Pages 5 to 6
	Condensed Consolidated Balance Sheet	Page 6
	Condensed Consolidated Statement of Changes in Equity	Pages 6 to 7
	Condensed Consolidated Cash Flow Statement	Pages 7 to 8
	Notes to the Condensed Consolidated Financial Statements	Pages 8 to 14
Mothercare plc Annual Reports and Accounts for the 52 week period ended 28 March 2020	Audited Remuneration Information	Pages 39 to 44
	Independent Auditors' Report	Pages 55 to 60
	Consolidated Income Statement	Page 61
	Consolidated Statement of Comprehensive Income	Page 62
	Consolidated Statement of Balance Sheet	Page 63
	Consolidated Statement of changes in Equity	Page 64
	Consolidated Cash Flow Statement	Page 65
	Notes to Consolidated Financial Statements	Pages 66 to 113
Mothercare plc Annual Report and Accounts for 53 week period ended 30 March 2019	Audited Remuneration Information	Pages 53 to 70
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9. MAJOR SHAREHOLDERS

In so far as is known to the Company, the name of each person who, directly or indirectly, is interested in voting rights representing 5 per cent. or more of the total voting rights in respect of the Company's issued ordinary share capital, and the amount of such person's holding, is as follows:

Name	*Number of Ordinary Shares*[(1)(2)]	*Percentage of issued share capital*[(1)(2)]	*Number of Ordinary Shares following the conversion of the Shareholder Loans*[(1)(3)]	*Percentage of issued share capital following conversion of the Shareholder Loans and exercise of the Warrants*[(1)(3)]
Richard Griffiths and associated undertakings	77,624,573	20.74	195,943,382	33.85
M&G plc	71,260,935	19.04	71,260,935	12.31
Lombard Odier Asset Management (Europe) Limited	45,601,720	12.19	99,933,553	17.26
Jupiter Asset Management	29,931,986	8.00	29,931,986	5.17
UBS Asset Management	29,070,633	7.77	29,070,633	5.02
DC Thomson Pensions	27,169,375	7.26	59,162,862	10.22

(1) Includes both direct and indirect shareholdings.

(2) Excludes the full conversion of all Shareholders Loans and Warrants.

(3) Assuming full conversion of all Shareholder Loans and Warrants.

10. NO SIGNIFICANT CHANGE

Save as disclosed in paragraph 4 of Part I (*Letter from the Non-Executive Chairman of Mothercare plc*) of this document, there has been no significant change in the financial or trading position of the Company since 10 October 2020, the date of the most recent results for the Company.

11. RATINGS AND OUTLOOK

As at the date of this document, the Company does not have any public current credit rating or outlook from a ratings agency.

12. RESPONSIBILITY

For the purposes of Rule 19.2 of the Takeover Code only: (i) Richard Griffiths accepts responsibility for the information contained in this document (including any expressions of opinion) relating to himself; and (ii) the directors of each member of the Concert Party (whose names are set out in paragraph 1 of this Part II (*Additional Takeover Code Disclosures for the Purpose of the Rule 9 Whitewash*) of this document accept responsibility for the information contained in this document (including any expressions of opinion) relating to the relevant members of the Concert Party of which he or she is a director. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Directors, whose names appear on page 11 of this document, accept responsibility for the information contained in this document (including any expressions of opinion), except for the information for which responsibility is taken by: (a) Richard Griffiths; and (b) the directors of each member of the Concert Party pursuant to the above paragraph. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

13. DIRECTORS OF THE COMPANY

The Directors of the Company and their principal functions in respect of the Company are:

Directors	*Position*
Clive Whiley	Non-Executive Chairman
Andrew Cook	Chief Financial Officer
Brian Small	Non-Executive Director
Gillian Kent	Non-Executive Director
Mark Newton-Jones	Non-Executive Director

The business address of each of the Directors is Westside 1, London Road, Hemel Hempstead, Hertfordshire HP3 9TD.

13.1 ***Director Remuneration and Benefits***

Executive Director Service Contracts, Remuneration and Emoluments

The service contract of the Executive Director is summarised below and, other than as described, have not been entered into or amended in the six months preceding the publication of this document.

Name	*Job Title*	*Date of Contract*	*Term*	*Notice period (weeks)*	*Base salary[2]*	*Bonus entitlement*
Andrew Cook[1]	Chief Financial Officer	22 January 2020	Rolling	26	£259,000	100%

Notes:

(1) Andrew Cook was appointed as Chief Financial Officer with effect from 23 January 2020.

(2) Base salaries are subject to annual review by the Remuneration Committee.

The appointment of Executive Director can be terminated without notice and with immediate effect in the event of misconduct of the Executive Director.

Previous service contracts

The executive director's service contract has not changed in the six months preceding the publication of this document.

Benefits

The Executive Director is entitled to the following benefits under their respective service contracts:

Name	*Life assurance*	*Car allowance*	*Personal Medical Insurance*	*Employer pension contribution*
Andrew Cook	✓	£10,300	✓	6%

Termination Payments

Save as disclosed in this paragraph 13.1, there are no existing contracts between the Executive Director and the Company which provide for benefits upon termination of appointment. In the event of the Executive Director's departure from the Company, and subject to the 'good leaver' provisions, the Company's policy on termination payments is as follows:

(a) no cash bonus will be awarded or paid (nor will any deferred shares be awarded) following notice of termination (by either the employee or the Company);

(b) any unvested annual bonus deferred shares will lapse on cessation of employment;

(c) any unvested LTIP awards shall lapse on cessation of employment; LTIP awards that have vested may be retained; and

(d) the Company may pay basic salary and the fair value of other benefits in lieu of notice for the duration of the notice period. The instalments may cease or be reduced proportionally if the director accepts alternative employment that starts before the end of the notice period.

Commission or profit sharing arrangements

There is no commission or profit sharing arrangement under the terms of the Executive Director's service contracts.

13.2 ***Non-Executive Directors' Letters of Appointment***

Each of the Non-Executive Directors has been appointed pursuant to a letter of appointment, which contains a one month notice period.

Continuation of a Non-Executive Director's appointment is subject to continued satisfactory performance in accordance with the terms of the letter of appointment and re-election by shareholders at forthcoming annual general meetings.

The following table contains more information about the Non-Executive Directors' letters of appointment:

Name	*Effective date of appointment*	*Date of letter of appointment*	*Term (years)*	*Notice period by the Company (months)*	*Notice period by the Non-executive Director (months)*
Clive Whiley	29 March 2020	22 January 2020	3	1	1
Brian Small	10 December 2019	10 December 2019	3	1	1
Gillian Kent	16 March 2017	16 March 2017	3	1	1
Mark Newton-Jones	24 July 2020	24 July 2020	1	1	1

Previous letters of appointment

The Non-Executive Director's letters of appointment have not changed in the six months preceding the publication of this document.

Non-Executive Directors' remuneration and emoluments in FY 2020/21

The following table sets out details relating to the Non-Executive Directors' emoluments for the year ending 27 March 2021.

Name	*Salary/fees for FY 2020/21 £'000*	*Benefits in kind £'000*	*Total £'000*
Clive Whiley	130	–	130
Brian Small[(1)]	47.5	–	47.5
Gillian Kent[(2)]	47.5	–	47.5
Mark Newton-Jones	40	–	40

Notes:

(1) Brian Small is paid £40,000 per annum as a base annual fee and an additional £7,500 per annum as Chair of the Audit and Risk Committee.

(2) Gillian Kent's annual fee was reduced from £50,000 per annum to £40,000 since 1 February 2018. She is paid £40,000 as a base fee and from 13 September 2019 she received an additional £7,500 as Chair of the Remuneration Committee.

Non-Executive Directors are not entitled to participate in any Company incentive schemes, are not eligible to join the Company's pension and benefit schemes (with the exception of colleague discount) and are not eligible for compensation for loss of office. The LTIP awards held by each of Clive Whiley and Mark Newton-Jones, as specified in paragraph 2.6 of this Part II (*Additional Takeover Code Disclosures for the Purpose of the Rule 9 Whitewash*), were awarded separately from their positions as Non-Executive Directors.

14. PERSONS ACTING IN CONCERT WITH THE COMPANY

In addition to the Directors (together with their close relatives and related trusts) and members of the Group, the persons acting in concert with the Company for the purposes of the Proposals and which are required to be disclosed are:

Name	*Type of company*	*Relationship with the Company*
Numis	Financial Services	Rule 3 adviser, joint corporate broker and proposed nominated adviser to the Company
finnCap	Financial Services	Joint corporate broker to the Company

15. Profit forecast for the purposes of the Takeover Code

15.1 ***Profit forecast regarding the financial year to 27 March 2021***

The Mothercare announcement for the financial year to 28 March 2020, released on 25 September 2020, included the following statement regarding the Mothercare Directors' expectations in respect of the full financial year of Mothercare ending on 27 March 2021:

"*Due to reduced revenues following the impact of COVID-19 and the costs associated with restructuring, the Group expects to make a small EBITDA loss for the current year though this is dependent upon our franchise partners' retail outlets avoiding further lockdown in their respective territories.*"

This statement to make a "small EBITDA loss" was repeated (i) in the interim announcement on 26 November 2020 for the 28 weeks to 10 October 2020 and (ii) in paragraph 4 of Part I (*Letter from the Non-Executive Chairman of Mothercare plc*) of this document.

This statement constitutes a profit forecast for the purposes of the Takeover Code and the Panel has ageed that the requirements of Rule 28.1(c) of the Takeover Code apply to such statement.

15.2 ***Directors' confirmation***

The Directors have considered the profit forecast and confirm that it remains valid, that it has been properly compiled on the basis of the assumptions set out below and that the basis of the accounting policies used is consistent with the accounting policies of Mothercare for the 52 week period ended 28 March 2020 and in accordance with International Financial Reporting Standards.

15.3 ***Basis of preparation***

The Directors confirm that this profit forecast has been properly compiled and is based on the unaudited management accounts of Mothercare for September 2020 and Mothercare's unaudited forecasts for the 52 week period ending 27 March 2021. In confirming the profit forecast, the Directors have made the following assumptions in respect of the 52 week period ending 27 March 2021:

15.3.1 *Assumptions outside of Mothercare's influence or control:*

- there will be no material adverse change to Mothercare's commercial relationships;
- there will be no material changes in market conditions over the 52 week period to 27 March 2021 in relation to either customer demand or competitive environment;
- there will be no material adverse events that will have a significant impact on Mothercare's major customers or suppliers;
- there will be no further material disruption or delays to international transport networks, including the containerised distribution of Mothercare product from our suppliers or to our franchise partners;
- there will be no material adverse change to Mothercare's business model or market environment before the end of the 52 week period ending 27 March 2021;

- there will be no material change to existing prevailing global macroeconomic and political conditions during the 52 weeks ending 27 March 2021;
- there will be no material change in legislation, taxation or regulatory requirements impacting Mothercare's operations, expenditure or its accounting policies;
- there will be no material litigation or regulatory investigations, or material unexpected developments in any existing litigation or regulatory investigation, in relation to any of Mothercare's operations, products or services; and
- there will be no material change in the control of Mothercare.

15.3.2 *Assumptions within Mothercare's influence or control:*

- Mothercare's cost reduction programme will not materially change over the forecast 52 week period to 27 March 2021;
- Mothercare's accounting policies will be consistently applied in the remainder of the 52 week period ending 27 March 2021;
- there will be no material change in the existing operational strategy of Mothercare;
- Mothercare will not carry out any acquisitions or disposals, nor will it enter into, any joint venture, which is material in the context of the profit forecast; and
- there will be no material change in the management of Mothercare.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) on the Company's website at www.Mothercareplc.com, at the registered office of the Company at Westside 1, London Road, Hemel Hempstead, Hertfordshire HP3 9TD:

(a) Articles of Association of the Company;

(b) the Group's audited statutory accounts for the financial period ended 30 March 2019 and for the financial period ended 28 March 2020;

(c) the Group's unaudited interim accounts for the 28 weeks to 10 October 2020;

(d) the written consent by Numis referred to in paragraph 11 of Part I (*Letter from the Non-Executive Chairman of Mothercare plc*) of this document;

(e) the memorandum and articles of association of Blake Holdings and Serendipity Capital Limited;

(f) copies of the Shareholder Loans and CULS Arrangement in respect of Blake Holdings; and

(g) copies of this document.

Copies of this document are also available for inspection at the National Storage Mechanism at http://data.fca.org.uk/#/nsm/nationalstoragemechanism. In addition this document and all of the documents set out in this paragraph 16 will be published in electronic form and available on the Company's website at http://www.mothercareplc.com/investors/rule-nine-whitewash-circular.aspx subject to certain access restrictions.

Shareholders and any other person to whom this document is sent may request hard copies of this document and the information incorporated by reference from Mothercare at Westside 1, London Road, Hemel Hempstead, Hertfordshire HP3 9TD or by telephoning Mothercare on +44 (0)1923 241 000. Hard copies of the documents incorporated by reference will not be sent unless requested.

PART III

INFORMATION ON DELISTING AND AIM ADMISSION

Following AIM Admission, the Group will be subject to the AIM Rules. Shareholders should note that AIM is self-regulated and the protections afforded to investors in AIM companies are less rigorous than those afforded to investors in companies whose shares are listed on the premium segment of the Official List.

Shareholders should further note that the share price of AIM companies can be highly volatile, which may prevent Shareholders from being able to sell their Shares at or above the price they paid for them. The market price and the realisable value for the Shares could fluctuate significantly for various reasons, many of which are outside the Company's control. Further, there can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, will be maintained following AIM Admission. AIM is a market designed primarily for emerging and smaller companies, to which a higher investment risk tends to be attached than for larger companies and may not provide the liquidity normally associated with the Main Market or on some other stock exchanges. Accordingly, as a consequence of the Company's Ordinary Shares trading on AIM, the Ordinary Shares may be more difficult to sell compared with the shares of companies listed on the Official List.

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

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

  a. reverse takeovers, being an acquisition or acquisitions in a twelve-month period which would (i) exceed 100% in various class tests; or (ii) result in a fundamental change in the Company's business, board or voting control;

  b. disposals which, when aggregated with any other disposals over the previous twelve months, would result in a fundamental change in the Company's business (being disposals that exceed 75% in various class tests);

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

(c) the regime in relation to dealing in own securities and treasury shares is less onerous under the AIM Rules which, although they contain restrictions on the timing of dealings and notification requirements, do not include requirements as to price, shareholder approval or tender offers;

(d) there are no prescribed content requirements for shareholder circulars or a requirement for such circulars to be approved by the FCA under the AIM Rules;

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

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

(g) compliance with the UK Corporate Governance Code is not mandatory for companies whose shares are admitted to trading to AIM. If AIM Admission occurs, the Group will comply with the QCA Corporate Governance Code;

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

(i) the AIM Rules require that AIM companies retain a nominated adviser and broker at all times, but they are not required to have a sponsor. The nominated adviser has ongoing responsibilities to both the Company and the London Stock Exchange;

(j) Numis has agreed to act as nominated adviser and broker to the Company following AIM Admission;

(k) where the Company has a controlling shareholder (as defined in the Listing Rules) it will no longer be required to enter into a relationship agreement with that controlling shareholder or to comply with the independence provisions required by the Listing Rules;

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

(m) the Disclosure Guidance and Transparency Rules (other than Chapter 5, in respect of significant shareholder notifications), the Listing Rules and certain of the Prospectus Rules will no longer apply to the Company following AIM Admission. This is because AIM is not a regulated market for the purposes of the EU's securities directives;

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

(o) Shares are admitted to trading on AIM but not listed. Following the Delisting and AIM Admission, individuals who hold Ordinary Shares may, in certain circumstances, be eligible for certain tax benefits that only apply in relation to unlisted shares. Shareholders and prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them, or whether such a tax benefit maybe available to them;

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

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

The Takeover Code will continue to apply to the Company following Admission.

Following AIM Admission, Ordinary Shares that immediately prior to Delisting were held in uncertificated form will continue to be held and dealt through CREST. Share certificates representing those Ordinary Shares held in certificated form will continue to be valid and no new certificates will be issued in respect of such shares following AIM Admission. The Board does not envisage that there will be any significant alteration to the standards of reporting and governance which the Group currently maintains. The Group will maintain its Audit and Remuneration Committees which will be subject to the same terms and conditions.

NOTICE OF GENERAL MEETING

Mothercare plc

(Incorporated in England and Wales with registered number 01950509)

Notice is hereby given that a General Meeting of Mothercare plc (the "**Company**") will be held at the Company's offices at Westside 1, London Road, Hemel Hempstead, Hertfordshire, HP3 9TD on 10 February 2021 at 11:00 a.m. for the purpose of considering and, if thought fit, passing Resolution 2 as an ordinary resolutions and Resolutions 1 and 3 as a special resolution of shareholders. Resolution 4 is to be passed as an ordinary resolution of all shareholders independent of Blake Holdings Limited and any persons acting in concert with it for the purposes of the Takeover Code on Mergers and Acquisitions all of whom have irrevocably undertaken not to vote on Resolution 4. All Resolutions will be voted on by poll.

1. Delisting from the Main Market and relisting on AIM

That, the directors of the Company be generally and unconditionally authorised to:

(a) cancel the listing of the issued ordinary shares in the Company on the premium segment of the Official List of the Financial Conduct Authority and to remove such ordinary shares in the Company from trading on the London Stock Exchange plc's main market for listed securities; and

(b) apply for admission of the issued ordinary shares in the Company to trading on AIM, the market of that name operated by London Stock Exchange plc.

2. Authority to allot

That the Directors of the Company be and are hereby generally and unconditionally authorised to exercise all powers of the Company in accordance with section 551 of the Companies Act 2006 ("**Companies Act**") to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares (all of which transactions are hereinafter referred to as an allotment of 'relevant securities') up to an aggregate nominal amount of £2,046,441.29 pursuant to the conversion of the shareholder loans provided by DC Thomson, Lombard Odier and Blake Holdings Limited ("**Blake Holdings**") (the "**Shareholder Loans**") and exercise of certain warrants to be entered into between them and the Company (the "**Warrants**"), into a maximum of 204,644,129 new ordinary shares at (i) a conversion price of 10 pence per share in respect of the conversion of the Shareholder Loans and (ii) an exercise price of 12 pence per share in respect of any exercise of the Warrants. The authority conferred by this resolution shall expire at the Company's next annual general meeting (unless previously revoked or varied by the Company in a general meeting), save that the Company may, before such expiry, revocation or variation, make an offer or agreement which would or might require relevant securities to be allotted after such expiry, revocation or variation and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred has not expired or been revoked or varied.

3. Disapplication of pre-emption rights

That, subject to and conditional upon Resolution 2 being duly passed, the Directors of the Company be and are hereby empowered pursuant to section 571 of the Companies Act (in addition to all subsisting authorities under section 570 and section 573 of the Companies Act to the usual extent), to allot equity securities (as defined in section 560 of the Companies Act) in connection with the conversion of the Shareholder Loans wholly for cash pursuant to the authority conferred by Resolution 2 above at any time up to the Company's next annual general meeting, in each case as if section 561 of the Companies Act did not apply to any such allotment in connection with the conversion of the Shareholder Loans and exercise of the Warrants, provided that this power shall expire at the Company's next annual general meeting (unless previously revoked or varied by the Company in a general meeting), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power hereby conferred had not expired.

4. Waiver

That the waiver granted by the Takeover Panel of the obligation that would otherwise arise on any member of the concert party (comprising Richard Griffiths, Michael Bretherton, James Ede-Golightly, Blake Holdings and Serendipity Capital Limited) to make a general offer to the other shareholders of the Company pursuant to Rule 9 of the Takeover Code as a result of the issue of up to 118,318,809 ordinary shares to them pursuant to the conversion of the Shareholder Loans and the exercise in full of the Warrants entered into or to be entered into by Blake Holdings, as described in the circular of which this Notice forms part, be and is hereby approved.

By order of the Board

Lynne Medini
Company Secretary

Registered Office:
Westside 1
London Road
Hemel Hempstead
Hertfordshire
HP3 9TD

25 January 2021

Registered in England and Wales No. 01950509

NOTES TO THE NOTICE OF GENERAL MEETING

1. The business to be conducted at the meeting is set out on the previous page of this notice of meeting (the "**Notice**").

2. Only those shareholders on the register of members of the Company as at 6.30 p.m. on 8 February 2021 (or, in the event of any adjournment, at 6.30 p.m. on the day, two days before the reconvened meeting) will be entitled to attend or vote at the general meeting and they may only vote in respect of the number of shares registered in their name at the relevant time. Changes to entries on the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend or vote at the meeting.

3. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation of the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered. However, due to Covid-19, Shareholders are not permitted to attend the meeting. We request that you submit questions in electronic form to investorrelations@mothercare.com (please state "Mothercare plc: GM" in the subject line of the email).

4. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company. A form for appointing a proxy accompanies this Notice. To be effective, the form of proxy must be completed and reach the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA not later than 11:00 a.m. on 8 February 2021. You may also submit your proxy electronically; see your proxy card for details of how to register your vote. Completion of a form of proxy, other such instrument or any CREST Proxy Instruction will not preclude a member from attending and voting in person at the meeting. However, due to Covid-19, shareholders are not permitted to attend the meeting. If you require additional forms of proxy, please contact the Registrars of the Company on +44(0)121 415 0950 if calling from outside the UK or if within the UK on 0371 384 2013. Lines are open 9:00 a.m. to 5:00 p.m., Monday to Friday (excluding bank holidays in England and Wales).

5. In the case of a shareholder which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company.

6. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the same powers as the corporation could exercise if it were an individual member provided they do not do so in relation to the same shares.

9. CREST members holding their shares in uncertificated form who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or relates to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (CREST ID RA 19) no later than 11:00 a.m. on 8 February 2021. For these purposes, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. No messages received through the CREST network after this time will be accepted. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s)) take(s) such actions as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning limitation of the CREST system and timings.

11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. The CREST Manual can be reviewed at www.euroclear.com.

12. The Company cannot accept responsibility for loss or damage arising from the opening or use of any emails or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to opening or use. Any electronic communication received by the Company and/or Equiniti, including the lodgement of an electronic form of proxy, that is found to contain a computer virus will not be accepted.

13. A person who is not a shareholder of the Company, but has been nominated by a shareholder to enjoy information rights in accordance with section 146 of the Companies Act (a "nominated person") does not have a right to appoint any proxy. Nominated persons may have a right under an agreement with the shareholder to be appointed (or to have someone appointed) as a proxy for the meeting. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under an agreement with the relevant shareholder to give instructions as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 4 above does not apply to nominated persons. The rights described in paragraph 4 can only be exercised by shareholders of the Company. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains the registered shareholder or custodian or broker who administers the investment on your behalf. Therefore, any changes or queries relating to your personal details and holding (including any administration) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee to deal with matters that are directed to them in error. The only exception to this is where the Company, in exercising one of its powers under the Companies Act, writes to you directly for a response.

14. As at 22 January 2021 (being the last practicable business day prior to the publication of this Notice) the Company's issued share capital consisted of 374,192,494 ordinary shares of 1 pence each, carrying one vote each. Therefore the total voting rights in the Company as at that date were 374,192,494. The Company holds no Ordinary Shares in treasury.

15. A copy of this Notice and other information required by section 311A of the Companies Act can be found at www.Mothercareplc.com.

16. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):

    - calling the shareholder helpline on +44(0)121 415 0950 if calling from outside the UK or if within the UK on 0371 384 2013. Lines are open 9.00 a.m. to 5.00 p.m. (excluding bank holidays in England and Wales);
    - by writing to Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; or
    - by sending an email to investorrelations@Mothercare.com.

17. You may not use any electronic address provided either in this Notice or any related documents to communicate with the Company for any purposes other than those expressly stated.