

THIS ANNOUNCEMENT, INCLUDING THE INFORMATION CONTAINED IN IT, IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, OR THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION, RELEASE OR DISTRIBUTION WOULD BE UNLAWFUL.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF REGULATION (EU) 596/2014, WHICH IS PART OF DOMESTIC UK LAW PURSUANT TO THE MARKET ABUSE (AMENDMENT) (EU EXIT) REGULATIONS 2019 (SI 2019/310) ("**UK MAR**"). UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION (AS DEFINED IN UK MAR) IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

12 August 2021

Hawkwing plc

("Hawkwing" or the "Company")

Hawkwing raises £16.5 million through the issue of Convertible Unsecured Loan Notes

Hawkwing plc (LSE: HNG) is pleased to announce that, further to its announcement on 12 July 2021, it has successfully raised £16.5 million through the issue of convertible unsecured loan notes (the "**Loan Notes**") (the "**Loan Note Financing**"). Further, Internet Fusion Group Limited ("**Internet Fusion Group**" or "**IFG**") is in advanced discussions to raise additional capital by way of a direct subscription for new ordinary shares in the capital of IFG.

Dowgate Capital Limited and Liberum Capital Limited acted on behalf of the Company in connection with the Loan Note Financing.

Highlights

- Loan Notes are convertible at 6p per ordinary share and will be automatically converted into new ordinary shares on completion of the proposed acquisition by Hawkwing of IFG
- Interest rate on the Loan Notes is 8% per annum payable annually in arrears ("**Interest**"). No Interest will accrue or be paid if Conversion occurs on or prior to 31 March 2022
- Net proceeds of the Loan Note Financing will principally provide a draw-down facility to IFG for the purpose of financing the initial consideration of two proposed acquisitions referred to below (the "**Proposed Acquisitions**"), the related costs and expenses, and associated working capital (the "**IFG Loan**"), which continues IFG's buy-and-build strategy

Terms of the Loan Notes

The Loan Notes are convertible ("**Conversion**") at 6p per ordinary share (the "**Conversion Price**") and will be automatically converted into new ordinary shares of nominal value 2 pence each in the capital of Hawkwing ("**Ordinary Shares**") on completion of the proposed acquisition by Hawkwing of IFG (the "**IFG Acquisition**").

The interest rate on the Loan Notes is 8% per annum payable annually in arrears. No Interest will accrue or be paid if Conversion occurs on or prior to 31 March 2022. If Conversion does occur prior to 31 March 2022 and the total return from the Loan Notes is less than the 8% per annum, an additional amount will be payable by the Company to the holders of the Loan Notes (the "**Loan Noteholders**") so that the total return to Loan Noteholders is equal to 8% per annum.

If the IFG Acquisition has not occurred by 31 March 2022, a Loan Noteholder may, within 28 calendar days following publication of the Company's results for any full year or interim period, require Conversion of all or part of the Loan Notes into Ordinary Shares at the Conversion Price. Interest will be payable from the date of issue of the Loan Notes until the date of Conversion.

Any outstanding Loan Notes shall be redeemed on 12 August 2024, being the third anniversary of the date of the instrument constituting the Loan Notes. The Company may redeem the Loan Notes in whole or in part on 31 December in any year by giving not less than 14 days' notice to the Loan Noteholders.

Assuming that all the Loan Notes were converted at the Conversion Price, the illustrative number of Ordinary Shares to be issued on Conversion would be 275,000,000, representing 84.5% of the enlarged share capital of Hawkwing, based on the number of Ordinary Shares in issue at the date of this Announcement.

About Internet Fusion Group

IFG is an ecommerce aggregator using its technology platform to change the economics of speciality e-retail. It brings together specialised retail businesses and brands onto its own proprietary end-to-end digital platform, 'Reactor'. Reactor enables specialised retail businesses to unlock efficiencies of scale while preserving a differentiated and authentic customer experience.

IFG already owns and profitably operates nine speciality e-commerce websites that are specialists in their niches. Each of these websites aims to dominate their niche markets through a focus on content, community and authenticity. IFG can keep costs of running its websites low by operating them through its Reactor platform with limited need to licence any material additional software.

With a deep understanding of the dynamics of niche brands, IFG has successfully acquired and integrated seven businesses demonstrating a strong track record of acquiring niche e-retailers at attractive multiples and transforming their profitability through its Reactor platform.

IFG is also at the early stages of offering its Reactor platform as a service to supplier brands looking to scale their Direct-to-Consumer offerings - giving them low-cost access to all the benefits of a bespoke seamless online retail business engine, and the agile warehousing and delivery systems required to support it. In April 2021, IFG launched its first customer on the Reactor Platform and has a pipeline for further launches in 2021 and 2022.

Use of proceeds

The net proceeds from the Loan Note Financing will principally be used to fund the IFG Loan which in turn will be used to support IFG's buy-and-build strategy. It is anticipated that the IFG Loan will finance the initial consideration of the Proposed Acquisitions: an outdoor lifestyle brand ("**Target A**"); and an online retailer of fashion accessories ("**Target B**"). As contracts have not been exchanged for the Proposed Acquisitions and due diligence is continuing there can be no certainty that these Proposed Acquisitions will complete. The IFG Loan can only be drawn on exchange of contracts for each Proposed Acquisition or for any other purposes agreed between the Company and IFG.

Proposed Acquisitions

Target A

Target A is an outdoor lifestyle brand which generated revenue of £2.2 million (unaudited) and EBITDA of £0.4 million (unaudited) for the year ended 30 April 2021. Target A has close alignment to IFG's websites. An upfront consideration of £2.25 million and a conditional earnout of up to £1.75 million has been agreed in principle between IFG and the shareholders of Target A and IFG intends that any earnout will be self-funding.

Target B

Target B is an online retailer of fashion accessories which generated revenue of £14.5 million (unaudited) and EBITDA of £2.3 million (unaudited) for the year ended 30 April 2021. An upfront consideration of £10.0 million and a conditional earnout of up to £5.0 million has been agreed in principle between IFG and Target B shareholders. IFG is currently undertaking financial and legal due diligence on Target B. IFG intends that any earnout will be self-funding.

As no binding agreement on mutually acceptable terms has yet been reached between the parties, Hawkwing cannot guarantee nor provide any certainty that either or both of the Proposed Acquisitions will be completed.

IFG Loan

The IFG Loan will carry an 8% per annum interest rate from the date of drawdown, if the IFG Acquisition does not take place on or prior to 31 March 2022. The IFG Loan is for a three-year term and carries a redemption premium depending on when the IFG Loan is repaid.

Nigel Cayzer, a Non-Executive Director of IFG, is expected to join the board of the Company shortly.

Suspension

As announced on 12 July 2021, Hawkwing has entered into non-legally binding heads of terms for the IFG Acquisition and has been granted exclusivity until 31 March 2022. The IFG Acquisition is expected to be at an enterprise value of £115 million, with the consideration being satisfied by the issue of Hawkwing shares at 6 pence per share. The Ordinary Shares remain suspended from trading while the IFG Acquisition, which will constitute a "reverse takeover" (for the purposes of the Listing Rules of the Financial Conduct Authority ("FCA")) is negotiated and advanced. The Company will update shareholders as to progress made in relation to the IFG Acquisition as and when appropriate. As no binding agreement on mutually acceptable terms has yet been reached between the parties, Hawkwing cannot guarantee nor provide any certainty that the IFG Acquisition will be completed.

Related Party Transaction

The subscription by funds managed by Gresham House in the Loan Note Financing is a related party transaction as Ken Wotton a director of Hawkwing is the managing director of public equity at Gresham House. Gresham House is receiving a fee of 2% of the gross amount invested amounting to £140,000, which fee has been approved by the board of Hawkwing with Ken Wotton not participating.

Keith Sadler, Senior Independent Non-Executive Director of Hawkwing, commented: "We are delighted to have successfully completed this funding which demonstrates the strength of investor confidence in Hawkwing and their support for the proposed acquisition of Internet Fusion Group. The funds will primarily be used to support IFG's pursuit of two acquisition targets as part of their buy and build strategy to grow and add value to the business. We are pleased to welcome new investors and would like to thank our shareholders for their continued support as we progress through our proposed acquisition of IFG."

John Browett, currently Executive Chairman of the Management Board of Internet Fusion Group, said: "This funding provides Internet Fusion Group with the firepower to accelerate our buy-and-build strategy, and underpins strong investor confidence in our business. We have a compelling track record of acquiring profitable specialty retailers and transforming their performance and growth prospects through our Reactor platform. We are grateful for the support of Hawkwing and its investors and we look forward to delivering further momentum in our ambition to change the economics of specialty retail."

For the purposes of UK MAR, the person responsible for arranging for the release of this announcement on behalf of Hawkwing is Keith Sadler, Senior Independent Non-Executive Director.

- Ends -

Enquiries:

Hawkwing plc

Keith Sadler, Senior Independent Non-Executive Director +44 20 7618 9100

Luther Pendragon (Hawkwing plc)

Harry Chathli, Alexis Gore +44 20 7618 9100

Brunswick Group (Internet Fusion Group Limited)

+44 20 7404 5959

Rosie Oddy, Lana Serebryana

About Hawkwing plc

For more information, please refer to the Company's website: www.hawkwing.co