

## COOPERATION LETTER

From: **Poltronosofà S.p.A.**  
Via Lunga n. 16  
Crespellano 40053  
Valsamoggia  
Bologna  
Italy

**Cerezzola Limited**  
c/o Skadden, Aprs, Slate, Meagher & Flom (UK) LLP  
22 Bishopsgate  
London EC2N 4BQ  
United Kingdom

To: **ScS Group plc**  
45-49 Villiers Street  
Sunderland SR1 1HA  
United Kingdom

23 October 2023

Dear Sirs,

**Proposed acquisition of ScS Group plc (“ScS”) by Cerezzola Limited (“Bidco”), a newly-incorporated wholly-owned subsidiary of Poltronosofà S.p.A. (“Poltronosofà”), and together with ScS and Bidco, the “parties” and each a “party”)**

1. We refer to the proposed acquisition (the “**Acquisition**”) of the entire issued and to be issued share capital of ScS by Bidco, which is to be implemented pursuant to a scheme of arrangement under sections 895 to 899 of the Companies Act 2006 (the “**Scheme**” and the “**Act**”, respectively) and which may, if Poltronosofà so elects (subject to having obtained the prior written consent of ScS (such consent not to be unreasonably withheld) and with the consent of the Panel on Takeovers and Mergers (the “**Panel**”)), be implemented by means of a takeover offer within the meaning of section 974 of the Act (an “**Offer**”). In consideration of Poltronosofà preparing to implement the Acquisition and releasing the announcement under Rule 2.7 of the City Code on Takeovers and Mergers (the “**Code**”) relating to the Acquisition in the form attached to this letter (the “**Press Announcement**”), the parties hereby agree upon the terms of this letter.
2. The obligations of the parties under this letter, other than this paragraph 2 and paragraphs 18 to 28 (inclusive) shall be conditional on the release of the Press Announcement via a Regulatory Information Service at or before midday (London time) on 24 October 2023, or such later date and time as the parties may agree (and, where required by the Code, the Panel may approve). This paragraph 2 and paragraphs 18 to 28 (inclusive) shall take effect on and from execution of this letter.

3. The terms of the Acquisition shall be as set out in the Press Announcement, together with such other terms as may be agreed by the parties in writing (save in the case of an improvement to the terms of the Acquisition, which shall be at the sole discretion of Poltronesofà) and, where required by the Code, approved by the Panel. The terms of the Acquisition at the date of posting of the Scheme Document (as defined in the Press Announcement) shall be set out in the Scheme Document. Should Poltronesofà elect to implement the Acquisition by way of an Offer in accordance with paragraph 10, the terms of the Acquisition shall be set out in the announcement made in accordance with paragraph 8 of Appendix 7 of the Code of the switch to an Offer and in the Offer Document.
4. Taking into account such waiting periods as may be necessary or customary under applicable law, regulations and/or practices applied by any applicable regulatory or anti-trust authority or body, including but not limited to the Financial Conduct Authority and the Competition and Markets Authority (a “**Relevant Authority**”), the parties shall co-operate in a timely manner to provide for the making of any necessary or advisable filings, notifications and submissions and the securing of necessary or advisable authorisations, approvals, consents, clearances, permissions and waivers as may be necessary to secure satisfaction of the Regulatory Conditions (as defined below) (together, the “**Clearances**”).
5. Without prejudice to the generality of the foregoing and subject to paragraph 6 below:
  - (a) ScS shall provide Poltronesofà (via its advisers, in particular in the case of competitively sensitive information), as promptly as is reasonably practicable, with all such information as may reasonably be required to assist Poltronesofà in determining in which jurisdictions any merger control, financial services regulatory or other filing with a Relevant Authority may be necessary or advisable and to provide all such other assistance as may reasonably be required with securing the Clearances, including assistance in connection with such pre-notification contacts with Relevant Authorities as Poltronesofà reasonably considers necessary; and
  - (b) Poltronesofà shall:
    - (i) except where otherwise required by applicable law or a Relevant Authority, after reasonable consultation with ScS, determine the strategy to be pursued for securing the Clearances including timing and sequencing for contacting and corresponding with the Relevant Authorities and then contact and correspond with the Relevant Authorities promptly and diligently in relation to the Clearances, including preparing and submitting, with the assistance of ScS in accordance with the terms of this letter, all necessary filings, notifications and submissions;
    - (ii) co-operate with ScS and its advisers to use all reasonable endeavours to implement the Offer substantially in the form contemplated by the Press Announcement;
    - (iii) use all reasonable endeavours to make, as soon as reasonably practicable after the date of this letter (and, in any event, within any applicable mandatory time periods) such filings with, and submissions and applications to, any Relevant Authority, as are necessary or advisable to secure the Clearances. With respect to any necessary filings, notifications and submissions to be submitted to the Financial Conduct Authority or any

other Relevant Authority, Poltronesofà shall, subject to the provision by ScS of all assistance and information in respect of it and other members of its group reasonably required in connection with such filings, notifications and submissions use all reasonable endeavours to prepare and submit such filings within 15 business days following the Press Announcement;

- (iv) keep ScS and its legal advisers informed on a timely basis as to progress regarding, and supply all information reasonably requested by ScS and its legal advisers in relation to, the Clearances;
  - (v) use all reasonable endeavours to take such actions as may be necessary or advisable to secure the Clearances as soon as reasonably practicable following the date of this letter and in any event in sufficient time to enable the Effective Date (as defined in the Press Announcement) to occur by the Long Stop Date (as defined in the Press Announcement), including, where reasonably acceptable to Poltronesofà, offering or accepting any undertakings, orders or commitments which such Relevant Authority requires for the purposes of securing a Clearance and negotiating the same with any Relevant Authority;
  - (vi) be responsible for the payment of all filing fees required in connection with the Clearances; and
- (c) each party shall:
- (i) co-operate in any dealings with any Relevant Authority and deal with all requests and enquiries from such Relevant Authority in consultation with the other party (and its legal advisers) on all material matters pertinent to enabling the relevant Clearance to be secured;
  - (ii) consult with the other party (and its legal advisers) on material matters pertinent to enabling any Clearance to be secured;
  - (iii) provide (or procure the provision of) to the other party (and its legal advisers) draft copies, of all filings, notifications, submissions, material correspondence and material communications (including, in the case of material non-written correspondence or communications, reasonably detailed summaries of such correspondence or communications) intended to be submitted, sent or communicated to any Relevant Authority in connection with securing any Clearance, at such time as will allow the other party (and its legal advisers) a reasonable opportunity to review and comment on such filings, notifications, submissions, correspondence and communications before they are submitted, sent or communicated, together with final copies so submitted, sent or communicated;
  - (iv) take into account reasonable comments made promptly by the other party (and its legal advisers) on draft copies of filings, notifications, submissions, material correspondence and material communications provided pursuant to paragraph 4(c)(iii);

- (v) provide (or procure the provision of) as soon as reasonably practicable to any Relevant Authority such information as may be necessary or advisable in connection with any Clearance;
- (vi) provide (or procure the provision of) to the other party (and its legal advisers) such information as may be reasonably required by the other party for inclusion in any filing, submission, notification or application to any Relevant Authority for the purposes of securing any Clearance;
- (vii) as soon as reasonably practicable provide (or procure the provision of) to the other party (and its legal advisers) copies of all filings, notifications, submissions, material correspondence and material communications in the form finally submitted, sent or communicated to any Relevant Authority in connection with securing any Clearance (including, in the case of material non-written correspondence or communications, reasonably detailed summaries of such correspondence or communications);
- (viii) as soon as reasonably practicable notify the other party (and its legal advisers) of, and provide copies of, any material correspondence and material communications (including, in the case of material non-written correspondence or communications, reasonably detailed summaries of such correspondence or communications) received from any Relevant Authority in connection with securing the Clearances;
- (ix) give the other party (and its legal advisers) reasonable notice of any meetings, hearings or material telephone calls with any Relevant Authority in connection with securing the Clearances and allow the other party (and its legal advisers) to attend and make reasonable oral submissions during any such meetings, hearings or telephone calls (provided, where practicable, such oral submissions have been discussed by the parties in advance) and, where such attendance and participation is not recommended or permitted by applicable law or the Relevant Authority, to provide, to the extent so permitted, the other party with a written summary of such meeting, hearing or telephone call as soon as reasonably practicable following the meeting, hearing or telephone call; and
- (x) not withdraw a filing, submission or notification made to any Relevant Authority in connection with securing any of the Clearances without the prior consent of the other party (such consent not to be unreasonably withheld).

6. Nothing in paragraph 5 shall require:

- (a) any party to disclose to the other (or any person who is not a Relevant Authority) information which is commercially or competitively sensitive or confidential or price sensitive information related to its business or any member of its group which is not relevant to the Acquisition or any Clearance or, in each case, the disclosure of which would result in a breach of any applicable law, regulation, bye-law, provision of the Code, court order or confidentiality obligation;

- (b) any party to disclose to the other (or any person who is not a Relevant Authority) information in circumstances that would result in the loss or waiver of any privilege that subsists in relation to such information (including legal privilege);
  - (c) either Poltronesofà or ScS without prejudice to their respective obligations under the Code in relation to the Conditions, to take (or omit to take) any action that it considers likely to be, directly or indirectly, materially to its detriment;
  - (d) either Poltronesofà or ScS to involve the other party in any communications or dealings with any Relevant Authority that are purely administrative in nature, non-material, ordinary course, or unrelated to the Acquisition; or
  - (e) ScS to take or not to take any action, whether as a direct obligation or as a condition to any other persons' obligation (however express) which the Panel determines is not permitted pursuant to Rule 21.2 of the Code.
7. Each party may redact information referred to in paragraphs 6(a) and (b) from any documents shared with the other party or take reasonable steps to procure that such information is not shared with the other party, including, where relevant, providing such information to the other parties' legal counsel on an "external counsel only" basis or directly to any Relevant Authority (with a non-confidential version of any relevant filing, submission or communication being provided to the other party) or pursuant to additional procedures agreed between the parties to ensure compliance with applicable law.
8. Except with the prior written consent of the other party, until the Regulatory Conditions are fulfilled, neither party shall and shall procure that no person acting in concert or deemed to be acting in concert with it will take, or omit to take, or permit or cause to be taken or omitted to be taken, any action, or enter into any acquisition, transaction or other agreement, which would, or would be reasonably likely to, have the effect of preventing, impeding, materially delaying or materially prejudicing the satisfaction of the Regulatory Conditions or completion of the Acquisition.
9. For the purposes of this letter:
- (a) "**Conditions**" means the conditions to the implementation of the Acquisition set out in Part A of Appendix 1 to the Press Announcement;
  - (b) "**Regulatory Conditions**" means the Conditions set out in paragraphs 3(a) to (d) (inclusive) of Part A of Appendix 1 to the Press Announcement; and
  - (c) "**Scheme Conditions**" means the Conditions set out in paragraphs 2 and 3 of Part A of Appendix 1 to the Press Announcement.
10. Poltronesofà shall, subject to having obtained the prior written consent of both ScS (such consent not to be unreasonably withheld) and the Panel, be entitled to implement the Acquisition by way of an Offer, whether or not the Scheme Document has been published, provided that the Acquisition is made in accordance with the terms and conditions set out in the Press Announcement (with the Condition set out in paragraph 2 of Part A of Appendix 1 to the Press Announcement being replaced with a condition relevant to the Offer).
11. Poltronesofà shall:

- (a) provide promptly to ScS (and its legal advisers) all such information about itself, its group, its directors and its concert parties as may be reasonably required by ScS (having regard to the Code, the requirements of the Panel and applicable law and regulations) for the purpose of inclusion in the Scheme Document (including all information that would be required under the Code or applicable law and regulation);
  - (b) provide promptly all other assistance and information which may be reasonably required for the preparation of the Scheme Document or any other document required by the Code, the Panel or applicable law to be published in connection with the Scheme (including, without limitation, any supplemental circular), including access to, and procuring that reasonable assistance is provided by, Poltronesofà's relevant professional advisers;
  - (c) procure that the relevant persons accept responsibility, in the terms and solely to the extent required by the Code and the Panel, for all information (including any expressions of opinion) in the Scheme Document, and any other document required by the Code, the Panel or applicable law to be published in connection with the Scheme, relating to themselves (and their close relatives (as defined in the Code), related trusts and companies and other connected persons), Poltronesofà, Bidco, Poltronesofà's concert parties, the financing of the Acquisition, information on Poltronesofà's future plans for ScS and its management and employees, any statements of the opinion, belief, intention or expectation of Poltronesofà or its directors in relation to the Acquisition or the enlarged Poltronesofà group following the Effective Date and any other information in the Scheme Document for which an offeror and/or its directors are required to accept responsibility under the Code.
12. Where the Acquisition is being implemented by way of the Scheme, Poltronesofà undertakes to deliver a notice in writing to ScS prior to the Court Hearing (as defined in the Press Announcement) confirming either:
- (a) the satisfaction or waiver of the Conditions (other than the Scheme Conditions); or
  - (b) its intention to invoke one or more Conditions (if permitted by the Panel) and providing reasonable details of the event which has occurred, or circumstances which have arisen, which Poltronesofà reasonably considers entitles it to invoke such Condition or treat it as unsatisfied or incapable of satisfaction and why (if applicable under the Code) Poltronesofà considers such event or circumstance to be sufficiently material for the Panel to permit it to invoke such Condition.
13. Where the Acquisition is being implemented by way of the Scheme, Bidco shall instruct counsel to appear on its behalf at the Court Hearing and undertake to the Court to be bound by the terms of the Scheme in so far as it relates to Bidco to the extent that all the Conditions (other than the Scheme Conditions) have been satisfied or waived prior to or on the date of the sanction hearing. Bidco shall provide such documentation or information as may reasonably be required by counsel or the Court in relation to such undertaking.

14. If Poltronesofà becomes aware of any fact, matter or circumstance that it reasonably considers would entitle Poltronesofà to invoke any of the Conditions and the Panel may permit it to so invoke (applying the test set out in Rule 13.5 of the Code to the extent such rule is relevant), Poltronesofà (subject to any restriction under applicable law) shall inform ScS as soon as reasonably practicable.
15. The parties agree that the provisions of the Schedule attached hereto will apply in respect of the ScS Share Schemes (as defined in the Schedule).
16. Without prejudice to the parties' obligations under the Code, and in particular, Poltronesofà's obligation to proceed with the Acquisition in accordance with the Code, or pursuant to a court order, this letter (with the exception of this paragraph 16 and paragraphs 19, 21, 24 and 25, which shall survive such termination) shall terminate as agreed in writing between the parties or with immediate effect:
  - (a) if the Press Announcement is not released on or before midday (London time) on 24 October 2023;
  - (b) if the Scheme (or the Offer, as the case may be) is withdrawn or lapses in accordance with its terms or with the consent of the Panel (other than where such lapse or withdrawal is a result of Poltronesofà electing to implement the Acquisition by way of an Offer or where such lapse or withdrawal is followed within five business days (or such other period as ScS and Poltronesofà may agree) by a Rule 2.7 announcement made by Poltronesofà, Bidco or another affiliate of Poltronesofà to implement the Acquisition by a different scheme of arrangement or Offer on substantially the same or better terms, in the reasonable opinion of ScS's financial adviser, as those of the Scheme);
  - (c) if the board of directors of ScS withdraws its recommendation of the Scheme (or Offer, as the case may be); or
  - (d) if the Scheme has not become effective (or, if Poltronesofà implements the Acquisition by way of an Offer, the Offer has not been declared unconditional) by the Long Stop Date.
17. Each of the parties warrants to the other on the date of this letter that:
  - (a) it has the requisite power and authority to enter into and perform its obligations under this letter;
  - (b) this letter constitutes its legal, valid and binding obligations in accordance with its terms; and
  - (c) the execution and delivery of, and performance of its obligations under, this letter shall not result in:
    - (i) a breach of any provision of its constitutional documents;
    - (ii) a breach of, or constitute a default under, any instrument (which is material in the context of the Acquisition) to which it is a party or by which it is bound; or

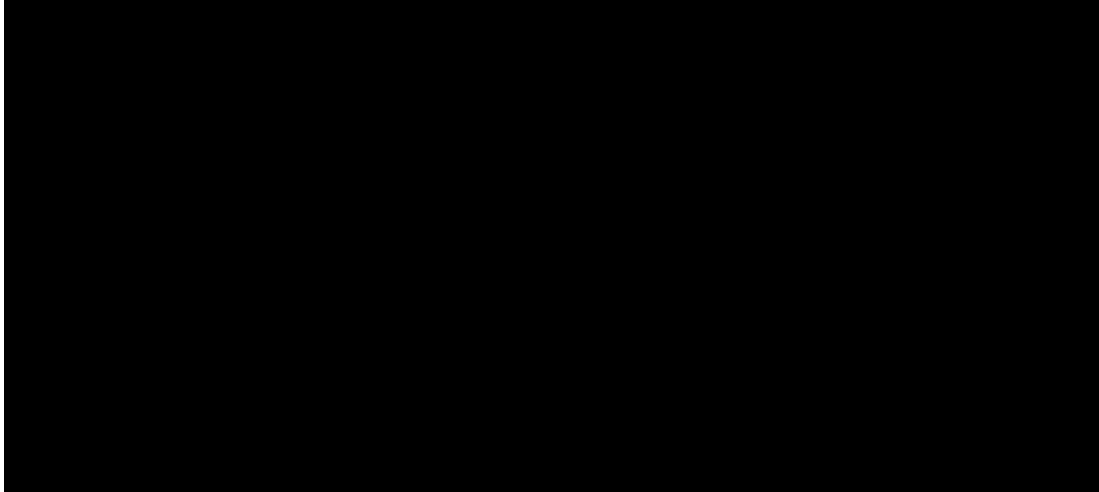
- (iii) a breach of any order, judgment or decree of any court or governmental agency to which it is a party or by which it is bound.
- 18. Poltronesofà warrants to ScS that as at the date of this letter:
  - (a) no shareholder resolution of Poltronesofà (or any member of the Poltronesofà group) is required to implement the Acquisition; and
  - (b) it is not aware of any matter or circumstances which would or could reasonably be expected to result in any of the Conditions not being satisfied.
- 19. Neither party shall have any claim against the other for breach of warranty after the Effective Date (without prejudice to any liability to fraudulent misrepresentation or fraudulent misstatement).
- 20. Each party acknowledges that both ScS and Poltronesofà are required to, and shall, make a copy of this letter publicly available on a website pursuant to Rule 26.2(d) of the Code.
- 21. Nothing in this letter shall in any way limit the parties' obligations under the Code and any uncontested rulings of the Panel as to the application of the Code in conflict with the terms of this letter shall take precedence over such terms.
- 22. Each party shall, and shall use reasonable endeavours to procure that any necessary third party shall, from time to time, execute such documents and do such acts and things as the requesting party may reasonably require for the purpose of giving the full benefit of this letter to the requesting party.
- 23. Nothing in this letter shall oblige ScS or the ScS directors to recommend an offer or a scheme proposed by Poltronesofà, any member of the Poltronesofà group or any other person acting in concert with Poltronesofà.
- 24. This letter, together with the letter between the parties dated 10 September 2023 relating, among other things, to the non-disclosure of confidential information (the "NDA"), contains the whole agreement between the parties relating to the Acquisition at the date of this letter to the exclusion of any terms implied by law which may be excluded by contract and supersedes any previous written or oral agreement between the parties in relation to the matters dealt with in this letter.
- 25. Paragraphs 13 (*Governing Law and Jurisdiction*), 15 (*Third Party Rights and Assignment*), 16 (*Waiver*), 17 (*Severability*) and 18 (*Counterparts*) (as they may be subsequently amended or varied) of the NDA shall apply, *mutatis mutandis*, to this letter.
- 26. Any notice or other communication to be given under or in connection with this letter (a "Notice") shall be, save where notice is to be given by email, signed by or on behalf of the Party giving it and delivered by hand or sent by recorded delivery post or by email to the relevant Party to the contact, address and email address set out in paragraph 28 (or if otherwise notified by the Party, to such other contact, address or email address as has been so notified).
- 27. In the absence of evidence of earlier receipt, any Notice served in accordance with paragraph 26 shall be deemed given and received:



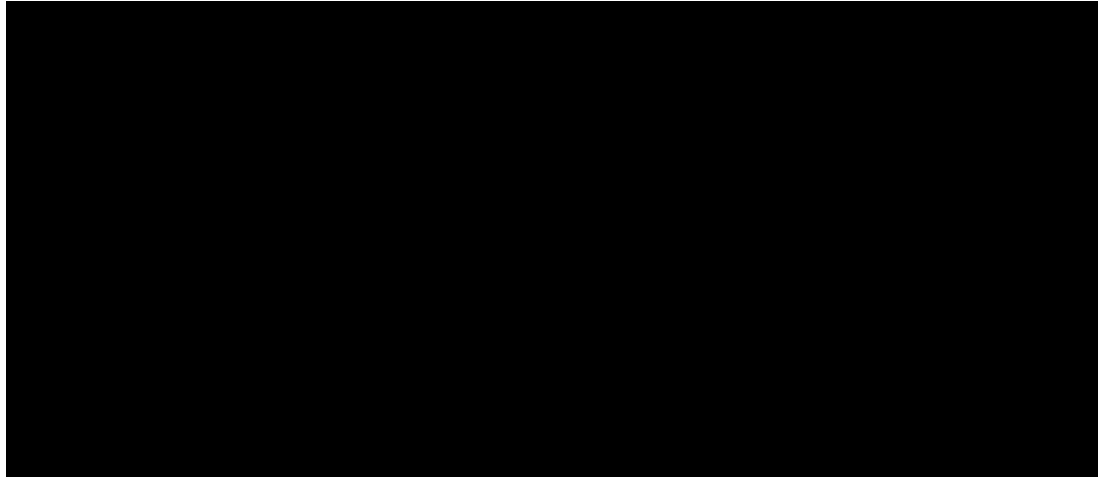
- (a) in the case of personal delivery by hand or courier during business hours on a business day, at the time of delivery at the address referred to in paragraph 28 or at 9.00 a.m. on the next business day; and
- (b) in the case of email sent during business hours on a business day, one hour after the time it was sent to the email address referred to in paragraph 28 notice, or at 9.00 a.m. on the next business day.

28. The addresses of the Parties for the purpose of paragraphs 26 and 27 are as follows:

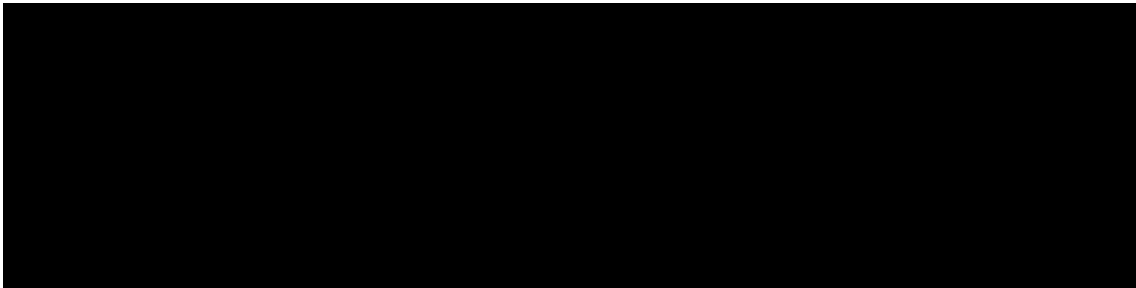
**POLTRONESOFÀ:**



**BIDCO:**



**SCS:**





Yours faithfully,



for an on behalf of:

**Poltronesofà S.p.A.**

Name: RENZO RICCI

Position: SOLE DIRECTOR



for an on behalf of:

**Cerezzola Limited**

Name: RENZO RICCI

Position: SOLE DIRECTOR

We accept and agree to the terms of this letter for and on behalf of:

**ScS Group plc**

Name:

Position:

Yours faithfully,

for an on behalf of:

**Poltronesofà S.p.A.**

Name:

Position:

for an on behalf of:

**Cerezzola Limited**

Name:

Position:

We accept and agree to the terms of this letter for and on behalf of:

ScS Group plc

Name:

Position:

GROUP CEO.

## SCHEDULE

### ScS Incentive Arrangements

The parties agree that the following arrangements will be implemented with respect to subsisting Awards under the ScS Share Schemes, and bonus payments (or deferred portions thereof) under the ScS Bonus Plan.

#### 1. DEFINITIONS

“**Awards**” means (in respect of all plans other than the Share Incentive Plan) a conditional right or option to acquire ScS Shares pursuant to the ScS Share Schemes (and in respect of the Share Incentive Plan means a holding of ScS Shares under the terms of the Share Incentive Plan);

“**CSOP-Sub Plan**” means the CSOP sub-plan appended to the Long Term Incentive Plan;

“**EBT**” means the ScS Employee Benefit Trust established for the benefit of ScS employees by way of trust deed dated 20 January 2015;

“**EBT Trustee**” means Apex Group Fiduciary Services Limited, acting in its capacity as trustee of the EBT;

“**Effective Date**” means the effective date of the Scheme;

“**Long Term Incentive Plan**” means the ScS Group plc Long Term Incentive Plan;

“**Scheme Record Time**” means the time and date specified as such in the Scheme Document, expected to be 6.00 p.m. (London time) on the business day immediately preceding the Effective Date or such other time as ScS and Poltronosofà may agree;

“**ScS Board**” means ScS’s board of directors;

“**ScS Bonus Plan**” means the ScS Group plc Annual Bonus Plan;

“**ScS Remuneration Committee**” means the remuneration committee of the ScS Board;

“**ScS Remuneration Policy**” means ScS’s Director Remuneration Policy (as approved by its shareholders on 26 November 2021 pursuant to Chapter 4A of the Act);

“**ScS Shares**” means ordinary shares in the share capital of ScS;

“**ScS Share Schemes**” means (i) the Long Term Incentive Plan; (ii) the CSOP Sub-Plan; and (iii) the Share Incentive Plan;

“**Share Incentive Plan**” means the ScS Group plc Share Incentive Plan; and

“**SIP Trustee**” means Equiniti Share Plan Trustees Limited, acting in its capacity as trustee of the Share Incentive Plan trust.

#### 2. GENERAL

- (a) This Schedule will, subject to the Scheme becoming effective in accordance with its terms, apply to the ScS Share Schemes and the ScS Bonus Plan.
- (b) In the event of a switch to an Offer in accordance with paragraph 3 above, references to the Effective Date and the Scheme Record Time in this Schedule will be read as if they referred to the date on which the Offer becomes or is declared unconditional.

- (c) The Scheme will apply to any ScS Shares which are on the register of members of ScS and which are acquired by participants in the ScS Share Schemes prior to the Scheme Record Time.
- (d) ScS confirms that as at 23 October 2023, there are 1,781,615 ScS Shares subject to subsisting Awards under the ScS Share Schemes comprised of: (i) 1,667,501 ScS Shares subject to subsisting Awards under the Long Term Incentive Plan (other than the CSOP Sub-Plan); (ii) 4,880 ScS Shares subject to subsisting Awards under the CSOP Sub-Plan; and (iii) 109,234 ScS Shares held by the SIP Trustee on behalf of participants in the Share Incentive Plan. ScS confirms that the Awards granted under the Long Term Incentive Plan (other than the CSOP Sub-Plan) carry dividend equivalent rights as set out at paragraph 4(d) below.

### 3. OPERATION OF THE SCS SHARE SCHEMES AND THE SCS BONUS PLAN PRIOR TO THE EFFECTIVE DATE

- (a) Poltronosofà acknowledges and agrees that, subject always to Rule 21.1 of the Code, prior to the Effective Date, the ScS Board (and where appropriate the ScS Remuneration Committee) may operate the ScS Share Schemes and the ScS Bonus Plan as they consider appropriate in accordance with the existing rules of the applicable plan, ScS's normal practice and, where relevant, the ScS Remuneration Policy.
- (b) ScS confirms that if the Scheme proceeds in accordance with the anticipated timetable agreed between the parties as included in the Scheme Document, it does not currently expect to grant any further awards or options under the ScS Share Schemes between the date of this letter and the Effective Date.

### 4. TREATMENT OF SCS SHARE SCHEMES IN CONNECTION WITH THE ACQUISITION

- (a) The parties agree that the ScS Board (and where appropriate the ScS Remuneration Committee) will determine the treatment of outstanding Awards under the ScS Share Schemes in connection with the Acquisition in accordance with the rules of the applicable ScS Share Scheme and, where relevant, the ScS Remuneration Policy, subject to the terms of this Schedule.
- (b) Poltronosofà will make appropriate proposals to the participants in the ScS Share Schemes, in accordance with Rule 15 of the Code (the "**Proposals**"), based on the treatment set out at subparagraph (c) below. The parties intend that the Proposals will take the form of joint proposals from Poltronosofà and ScS to participants in the ScS Share Schemes, prepared by ScS and agreed with Poltronosofà. This Schedule sets out the parties' agreement on the material aspects of the Proposals.
- (c) The parties agree the following in respect of Awards under the ScS Share Schemes:
  - (i) Long Term Incentive Plan

ScS confirms that all outstanding Awards under the Long Term Incentive Plan are granted in the form of nil-cost options (the "**LTIP Options**"). The LTIP Options will vest (to the extent not already vested) on the court's sanction of the Scheme ("**Court Sanction**") to the extent determined by the ScS Remuneration Committee, in accordance with the rules of the LTIP. Participants will be invited to exercise their vested LTIP Options in advance of and conditionally on Court Sanction such that the ScS Shares to which participants become entitled may be acquired under the terms of the Scheme. LTIP Options will lapse on the expiry of the period of six months following Court Sanction to the extent not exercised as at that date.

(ii) CSOP Sub-Plan

ScS confirms that the only outstanding Award under the CSOP Sub-Plan is a vested but unexercised share option (the “**CSOP Option**”). The participant will be invited to exercise their vested CSOP Option in advance of and conditionally on Court Sanction such that the ScS Shares to which the participant becomes entitled may be acquired under the terms of the Scheme. The CSOP Option will lapse on the expiry of the period of 20 days following Court Sanction to the extent not exercised as at that date.

(iii) Share Incentive Plan

ScS Shares held under the terms of the Share Incentive Plan will be subject to the Scheme on the same terms as all other ScS Shares.

- (d) Poltronesofà acknowledges that the outstanding Awards under the Long Term Incentive Plan carry dividend equivalent rights entitling the Award holders to receive an amount in cash or ScS Shares equal in value to any dividend which may be declared by the ScS Board prior to the Effective Date (the “**Dividend Amount**”). The ScS Board has determined that the aggregate Dividend Amount payable to Award holders is the sum of £369,712 and that this Dividend Amount shall be paid to Award holders in cash in proportion to their respective dividend equivalent entitlements.
- (e) Poltronesofà and ScS agree that none of the Awards under the ScS Share Plans will be exchanged for, converted into or replaced by any options or awards issued or granted by Poltronesofà or any member of the Poltronesofà group in respect of the shares in Poltronesofà or any member of the Poltronesofà group.

## 5. EMPLOYEE COMMUNICATIONS AND PARTICIPATION IN THE ACQUISITION

- (a) ScS agrees it will arrange the delivery of the communications setting out the Proposals (which may be in electronic form) at the same time as, or as soon as reasonably practicable after, the posting of the Scheme Document (or such later time as the parties and the Panel may agree).
- (b) The parties agree that the timetable for implementation of the Scheme will be fixed as far as possible to enable the vesting and exercise of Awards in connection with the Scheme in sufficient time for the ScS Shares to which participants in the ScS Share Schemes become entitled to be bound by the terms of the Scheme.
- (c) The parties agree that ScS may amend the rules of any of the ScS Share Schemes in relation to the time and process for the exercise of Awards if, in the reasonable opinion of the ScS Board or the ScS Remuneration Committee, the amendments are necessary or desirable to facilitate the exercise of Awards and acquisition of the resulting ScS Shares under the terms of the Scheme.

## 6. SETTLEMENT

- (a) As at 23 October 2023, the EBT held 131,360 ScS Shares.
- (b) Subject always to ScS’s ability to make recommendations to the EBT Trustee to use any unallocated ScS Shares held in the EBT to satisfy Awards in the normal course, ScS agrees to recommend to the EBT Trustee that existing ScS Shares held in the EBT be used to satisfy the vesting and exercise of Awards in connection with the Acquisition in priority to the issue of new ScS Shares or to the transfer out of treasury of ScS Shares held by ScS.
- (c) The parties agree that payment of any Scheme proceeds to the participants of the ScS Share Schemes will be made through ScS payroll on a “cashless basis”, as soon as is practicable following payment of the proceeds by Poltronesofà, and ScS will ensure the correct amount

of income tax and employee National Insurance contributions (and in the case the of the CSOP Option, the applicable exercise price) are withheld from such Scheme proceeds, and in the case of amounts in respect of income tax and National Insurance contributions accounted for to HM Revenue & Customs.

## **7. TREATMENT OF SCS BONUS PLAN IN CONNECTION WITH THE ACQUISITION**

- (a) ScS confirms that:
  - (i) subject to paragraph 7(b), any bonus amounts payable under the ScS Bonus Plan with respect to the financial year beginning 1 August 2023; and
  - (ii) any deferred amounts relating to bonuses awarded in the financial years beginning 26 July 2020, 1 August 2021 and/or 1 August 2022 which have not yet been paid, will be paid by ScS through payroll to participants in cash as soon as practicable following the Effective Date, and ScS will ensure the correct amount of income tax and National Insurance contributions are withheld and accounted for to HM Revenue & Customs.
- (b) The amount of any bonus payable under paragraph 7(a)(i) will be calculated in accordance with the rules of the ScS Bonus Plan, on the basis of the Remuneration Committee's determination of the extent to which performance targets and any other conditions have been met, and reduced to reflect the number of whole months from 1 August 2023 until the Effective Date as a proportion of the whole financial year.

## **8. GENERAL**

- (a) The parties agree that ScS intends to propose an amendment to ScS's articles of association by the adoption and inclusion of a new article under which any ScS Shares issued after the Scheme Record Time to participants of the ScS Share Schemes shall be immediately transferred to Poltronesofà (or as it may direct) in exchange for the same consideration as is due to ScS shareholders under the terms of the Scheme.
- (b) Following prior consultation with Poltronesofà and having provided Poltronesofà with reasonable time to review and comment on any draft submission, ScS may make any submission to the Panel that is reasonably necessary to implement the arrangements contemplated by this Schedule, and both parties agree to co-operate promptly and in good faith in the making of any such submission.
- (c) Following the forthcoming ScS Annual General Meeting (the "ScS AGM"), John Walden (the current Chair designate) will take on the Chair role, Angela Luger will take on the Senior Independent Director role and Andy Kemp will take on the Audit Committee Chair role. It is currently expected that the terms of Alan Smith, the current Chair, and Ron McMillan, the current Senior Independent Director and Audit Committee Chair, which are due to expire at the conclusion of the ScS AGM, will be extended as non-executive directors until the Effective Date. It is also expected that a recommendation will be made by ScS's remuneration committee that the term of Chris Muir, a current Executive Director, also be extended for the same period.



**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

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**For immediate release**

**24 October 2023**

**RECOMMENDED CASH OFFER**

**for**

**ScS Group plc**

**by**

**Cerezzola Limited**

**a wholly-owned subsidiary of**

**Poltronesofà S.p.A.**

**(to be implemented by way of a scheme of arrangement under Part 26 of the Companies Act 2006)**

**Summary**

- The boards of Poltronesofà S.p.A. (“**Poltronesofà**”) and ScS Group plc (“**ScS**”) are pleased to announce that they have reached agreement on the terms of a recommended cash offer by Cerezzola Limited (“**BidCo**”), a wholly-owned subsidiary of Poltronesofà, for the entire issued and to be issued share capital of ScS (the “**Acquisition**”). It is intended that the Acquisition be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.
- Under the terms of the Acquisition, ScS Shareholders will be entitled to receive:  
**280 pence for each ScS Share (the “Transaction Value”).**
- The Transaction Value comprises for each ScS Share at the relevant record date:  
**270 pence in cash (the “Cash Consideration”)**  
**and**  
**a final dividend of 10 pence for the year ended 29 July 2023 which is not conditional on the Acquisition becoming effective (the “Permitted Dividend”).**

In its audited financial results for the year ended 29 July 2023, which ScS expects to announce on 25 October 2023, the ScS Directors intend to declare the Permitted Dividend of 10 pence per ScS Share. ScS Shareholders on the register of members of ScS at the relevant record date will be entitled to receive the Permitted Dividend regardless of whether the Acquisition becomes effective and without any reduction in the Cash Consideration if the Acquisition becomes effective. The Permitted Dividend,

if approved by ScS Shareholders at ScS's 2023 Annual General Meeting, will be paid on 15 December 2023 to ScS Shareholders on the register of members of ScS on 17 November 2023.

- The Transaction Value values ScS's entire issued and to be issued share capital at approximately £99,387,946 on a fully diluted basis.
- The Transaction Value represents a premium of approximately:
  - 66 per cent. to the Closing Price per ScS Share of 169 pence on 23 October 2023 (being the last practicable date prior to the date of this Announcement); and
  - 67 per cent. to the volume weighted average Closing Price per ScS Share of 168 pence for the three months ended on 23 October 2023 (being the last practicable date prior to the date of this Announcement).
- The Poltronosofà Board believes there is a compelling strategic and financial rationale for undertaking the Acquisition because:
  - as the next step in its successful pan-European expansion, Poltronosofà has decided to continue its geographic growth and plans to enter the United Kingdom sofa market; and
  - having followed the UK market and its key players for a significant amount of time, Poltronosofà believes that ScS and Poltronosofà share many common values and principles. Poltronosofà admires ScS's significant presence in the United Kingdom sofa and furniture market, as well as its strong brand position, and recognises that ScS is a strong business with a widespread and established base of 100 well-located and spacious showrooms in the United Kingdom. Moreover, ScS benefits from, a well-invested and growing digital e-commerce platform, industry-leading operational excellence, and resilient financial performance.
- The ScS Directors, who have been so advised by Shore Capital as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the ScS Directors, Shore Capital has taken into account the commercial assessments of the ScS Directors.
- Accordingly, the ScS Directors intend to recommend unanimously that ScS Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions relating to the Acquisition at the ScS General Meeting, as the ScS Directors have irrevocably undertaken to do in respect of their entire beneficial holdings of 272,653 ScS Shares representing, in aggregate, approximately 0.8 per cent. of the issued share capital of ScS as at 23 October 2023 (being the last practicable date prior to this Announcement).
- Established in Reggio Emilia in 1995, Poltronosofà has become the leading sofa retailer in Italy and one of the leading sofa retailers in Europe. It designs and sells sofas and armchairs, as well as sofa beds and decorative accessories and retails them through its 167 stores in Italy, 106 stores in France and 27 further stores across Europe (15 in Belgium, nine in Switzerland, two in Cyprus and one in Malta).
- Poltronosofà is widely recognised for its focus on a high-quality customer experience while offering Italian-manufactured products at affordable prices. Its fabric sofas are

produced in the Forli and Faenza district, whilst leather sofas are produced in the Puglia and Basilicata district. Poltronesofà's customers appreciate the extensive optionality for customisation, with the wide range of models and versions being customisable through Poltronesofà's extensive range of upholsteries. This customer-centric offering is made available at a very convenient price range and also comes with a full team of well-trained and experienced professionals at the customer's service who are available at any moment to assist throughout the purchase process.

- BidCo is a newly-incorporated English private limited company and a wholly-owned direct subsidiary of Poltronesofà. BidCo has been formed at the direction of Poltronesofà for the purposes of implementing the Acquisition. BidCo has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.
- ScS is one of the UK's largest retailers of sofas, flooring and furniture. It trades as two separate brands – the core ScS brand and the newly acquired Snug brand. The ScS brand seeks to offer value and choice through a wide range of sofas, flooring and furniture products. The product range is designed to appeal to a broad customer base with a mid-market priced offering and is currently traded from 100 stores. The brand specialises primarily in fabric and leather sofas and chairs, selling a range of branded products which are sold under registered trademarks that are not owned by ScS (which include La-Z-Boy, Ideal Home and G Plan) and a range of branded products which are sold under registered trademarks owned by ScS (such as Endurance, Inspire and SiSi Italia). The flooring business includes carpets, rugs, wood, laminate and luxury vinyl tiling. Snug is an innovative digital-first sofa and sofa-bed business specialising in modular and re-configurable sofas, with quick delivery and great quality and customer service.
- Commenting on the Acquisition, Mr. Renzo Ricci, Chief Executive Officer of Poltronesofà, said:

“As the next step of Poltronesofà's pan-European expansion, the Acquisition represents the best opportunity for Poltronesofà to enter the United Kingdom market of upholstery products. Poltronesofà believes it is strategically very well placed to support ScS in the next stage of its development, and by building on the combined industry knowledge and experience and providing the necessary capital to accelerate ScS's ambitions, the Acquisition will help ScS realise its full growth potential.”
- Commenting on the Acquisition, Alan Smith, Non-Executive Chair of ScS, said:

“This cash offer, which the ScS Board unanimously recommends, comes at an attractive valuation. It recognises the quality of the ScS Group's operations, its cash resources, and the progress accomplished under Steve Carson's leadership via his refreshed strategy. Poltronesofà, based in Italy, is a pan-European sofa retailer that has been successfully pursuing international expansion and ScS, with UK operations, is the next juncture of that strategy. The ScS Board believes Poltronesofà will bring significant benefits to ScS through its broad industry expertise in addition to providing the necessary capital that would accelerate our current strategy, albeit in a private rather than public sphere. The Acquisition will enable ScS to continue as part of a broader, pan-European entity in pursuit of its strategy and position it for long-term success in the UK.”

- Save for the Permitted Dividend, if any dividend or other distribution or return of capital is authorised, declared, made or paid in respect of ScS Shares on or after the date of this Announcement, Poltronesofà reserves the right to reduce the offer consideration by the aggregate amount of such dividend or other distribution or return of capital.
- It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act (or, if Poltronesofà so elects, an Offer). The Acquisition is conditional on, among other things: (i) the approval of ScS Shareholders at the Court Meeting and the passing of the resolutions by ScS Shareholders at the ScS General Meeting; (ii) the sanction of the Scheme by the Court; and (iii) regulatory approval from the FCA.
- The Acquisition is expected to become Effective in the first quarter of 2024, subject to the satisfaction (or, where applicable, waiver) of the Conditions set out in Appendix I to this Announcement. An expected timetable of principal events will be included in the Scheme Document.
- Further details of the Acquisition will be contained in the Scheme Document which is intended to be published along with notices of the Court Meeting and General Meeting and the Forms of Proxy within 28 days of the date of this Announcement, unless ScS and Poltronesofà otherwise agree, and the Panel consents, to a later date. Subject to certain restrictions relating to persons resident in Restricted Jurisdictions, the Scheme Document will also be made available on Poltronesofà's website at [www.poltronesofa-offer.com](http://www.poltronesofa-offer.com) and ScS's website at [www.scsplc.co.uk/investors](http://www.scsplc.co.uk/investors).

**This summary should be read in conjunction with, and is subject to, the full text of this Announcement (including its Appendices).**

**The Acquisition is subject to the Conditions and further terms that are set out in Appendix I, and to the full terms and conditions which will be set out in the Scheme Document. Appendix II contains the bases and sources of certain information used in this Announcement. Appendix III contains details of the irrevocable undertakings received in relation to the Acquisition that are referred to in this Announcement. Appendix IV contains definitions of terms used in this Announcement.**

#### **Enquiries:**

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Skadden, Arps, Slate, Meagher & Flom (UK) LLP is acting as legal adviser to Poltronosofà in connection with the Acquisition. Ward Hadaway LLP is acting as legal adviser to ScS in connection with the Acquisition.

### ***Disclaimers***

*Goldman Sachs, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority is acting as financial adviser to Poltronosofà and no one else in connection with the Acquisition referred to in this Announcement and will not be responsible to anyone other than Poltronosofà for providing the protections afforded to clients of Goldman Sachs or for providing advice in relation to this approach, the contents of this Announcement or any other matter referred to herein.*

*Shore Capital, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority is acting as financial adviser to ScS and no one else in connection with the Acquisition referred to in this Announcement and will not be responsible to anyone other than ScS for providing the protections afforded to clients of Shore Capital or for providing advice in relation to this approach, the contents of this Announcement or any other matter referred to herein.*

### ***Further information***

*This Announcement is for information purposes only and is not intended to and does not constitute, or form any part of, an offer, invitation or the solicitation of an offer to purchase or subscribe, otherwise acquire, subscribe for, sell or otherwise dispose of any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise.*

*The Acquisition will be subject to English law and to the applicable requirements of the Code,*

*the Panel, the Listing Rules, the London Stock Exchange and the FCA.*

*The Acquisition will be made solely by way of the Scheme Document, which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Scheme. Any voting decision or response in relation to the Acquisition should be made solely on the basis of the Scheme Document. ScS Shareholders are advised to read the formal documentation in relation to the Acquisition carefully once it has been published. Each ScS Shareholder is urged to consult his or her independent professional adviser regarding the tax consequences of the Acquisition.*

*This Announcement does not constitute a prospectus or a prospectus equivalent document.*

*If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or from an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended).*

*This Announcement has been prepared for the purpose of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside England.*

#### **Overseas shareholders**

*The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom (including Restricted Jurisdictions) should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to vote their ScS Shares in respect of the Scheme at the Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with applicable legal or regulatory requirements of any jurisdiction may constitute a violation of securities laws in that jurisdiction. To the fullest extent permitted by law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This Announcement has been prepared for the purpose of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside England.*

*The Acquisition will not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, telephonic or electronic) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, a Restricted Jurisdiction, and the Acquisition will not be capable of acceptance by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Copies of this Announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of acceptance of the Acquisition.*

*If the Acquisition is implemented by way of an Offer (unless otherwise permitted by*

*applicable law and regulation), the Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.*

*Further details in relation to ScS Shareholders in overseas jurisdictions will be contained in the Scheme Document.*

### ***Additional information for US investors in ScS***

*The Acquisition relates to the shares of an English company and is being made by way of a scheme of arrangement provided for under Part 26 of the Companies Act. The Acquisition, where implemented by way of a scheme of arrangement, is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Acquisition and the Scheme will be subject to the disclosure requirements and practices applicable to a scheme of arrangement involving a target company incorporated in the UK and listed on the London Stock Exchange, which differ from the disclosure requirements of US tender offer and proxy solicitation rules. If, in the future, Poltronesofà exercises its right to implement the Acquisition by way of an Offer and determines to extend the Offer into the United States, the Acquisition will be made in compliance with applicable US laws and regulations.*

### ***Forward-Looking Statements***

*This Announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of ScS and certain plans and objectives of Poltronesofà and ScS.*

*These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. These statements are based on assumptions and assessments made by ScS, BidCo and Poltronesofà in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate, and therefore are subject to risks and uncertainties which could cause actual results to differ materially from those expressed or implied by those forward-looking statements.*

*Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “hope”, “aim”, “will”, “continue”, “may”, “would”, “could”, “should” or other words of similar meaning or the negative thereof. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, economic performance, synergies, financial conditions, market growth, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the operations of the Poltronesofà Group or the ScS Group; and (iii) the effects of government regulation on the business of the Poltronesofà Group or the ScS Group. There are many factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among such factors are changes in the global, political, economic, business, competitive or market landscape and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or disposals.*

*These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. By their nature, these forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that will*

*occur in the future. The factors described in the context of such forward-looking statements in this Announcement may cause the actual results, performance or achievements of any such person, or industry results and developments, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that such expectations will prove to have been correct and persons reading this Announcement are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this Announcement. All subsequent oral or written forward-looking statements attributable to Poltronesofà, BidCo or ScS or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Neither Poltronesofà, BidCo nor ScS undertakes any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.*

***No profit forecasts, estimates or quantified financial benefits statements***

*No statement in this Announcement is intended as a profit forecast or estimate for any period or a quantified financial benefits statement and no statement in this Announcement should be interpreted to mean that earnings or earnings per ordinary share, for Poltronesofà or ScS respectively, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per ordinary share for Poltronesofà or ScS, respectively.*

***Right to switch to an Offer***

*Poltronesofà reserves the right to elect to implement the Acquisition by way of an Offer as an alternative to the Scheme. In such an event, the Offer will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme and subject to the amendment referred to in Part C of Appendix I to this Announcement.*

***Publication on website***

*A copy of this Announcement and the documents required to be published pursuant to Rule 26.1 and Rule 26.2 of the Code will be made available (subject to certain restrictions relating to persons resident in Restricted Jurisdictions), free of charge, at [www.poltronesofa-offer.com](http://www.poltronesofa-offer.com) and at [www.scsplc.co.uk/investors](http://www.scsplc.co.uk/investors) and by no later than 12 noon on the Business Day following the date of this Announcement.*

*Neither the contents of these websites nor the content of any other website accessible from hyperlinks on such websites is incorporated into, or forms part of, this Announcement.*

***Hard copy documents***

*In accordance with Rule 30.3 of the Code, ScS Shareholders, persons with information rights and participants in the ScS Share Schemes may request a hard copy of this Announcement by contacting ScS's registrars, Equiniti Limited, on +44 (0)371 384 2050 or by submitting a request in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom. The Shareholder Helpline is open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except English and Welsh public holidays). Calls are charged at the standard geographical rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate.*

*Please note the Shareholder Helpline cannot provide advice on the merits of the Acquisition or the Scheme nor give any financial, investment, legal or tax advice.*



*For persons who receive a copy of this Announcement in electronic form or via a website notification, a hard copy of this Announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information be sent to them in relation to the Acquisition in hard copy form.*

### ***UK Market Abuse Regulation***

*This Announcement contains inside information for the purposes of Article 7 of UK MAR. Market soundings (as defined in UK MAR) were taken in respect of a potential offer with the result that certain persons became aware of inside information (as defined in UK MAR) as permitted by UK MAR. This inside information is set out in this Announcement. Therefore, those persons that received inside information in a market sounding are no longer in possession of such inside information relating to ScS and its securities.*

### ***Information relating to ScS Shareholders***

*Addresses, electronic addresses and certain other information provided by ScS Shareholders, persons with information rights and other relevant persons for the receipt of communications from ScS may be provided to Poltronesofà and BidCo during the Offer Period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.*

### ***Rounding***

*Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.*

### ***Rule 2.9 disclosure***

*In accordance with Rule 2.9 of the Code, ScS confirms that, as at the close of business on 23 October 2023, being the last practicable date prior to this Announcement, it had in issue 33,954,674 ordinary shares of £0.001 each. The International Securities Identification Number (ISIN) for ScS Shares is GB00BRF0TJ56.*

### ***Disclosure requirements of the Code***

*Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified.*

*An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day (as defined in the Code) following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day (as defined in the Code) following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day (as defined in the Code) following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44(0)20 7638 0129.*

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

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**For immediate release**

**24 October 2023**

**RECOMMENDED CASH OFFER**

**for**

**ScS Group plc**

**by**

**Cerezzola Limited**

**a wholly-owned subsidiary of**

**Poltronesofà S.p.A**

**(to be implemented by way of a scheme of arrangement under Part 26 of the Companies Act 2006)**

**1. Introduction**

The boards of Poltronesofà and ScS are pleased to announce that they have reached agreement on the terms of a recommended cash offer by Cerezzola Limited (“**BidCo**”), a wholly-owned subsidiary of Poltronesofà, for the entire issued and to be issued share capital of ScS. It is intended that the Acquisition be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.

**2. The Acquisition**

- Under the terms of the Acquisition, ScS Shareholders will be entitled to receive:

**280 pence for each ScS Share (the “Transaction Value”).**

- The Transaction Value comprises for each ScS Share at the relevant record date:

**270 pence in cash (the “Cash Consideration”)**

**and**

**a final dividend of 10 pence for the year ended 29 July 2023 which is not conditional on the Acquisition becoming effective (the “Permitted Dividend”).**

In its audited financial results for the year ended 29 July 2023, which ScS expects to announce on 25 October 2023, the ScS Directors intend to declare the Permitted Dividend of 10 pence per ScS Share. ScS Shareholders on the register of members of ScS at the relevant record date will be entitled to receive the Permitted Dividend regardless of whether the Acquisition becomes effective and without any reduction in

the Cash Consideration if the Acquisition becomes effective. The Permitted Dividend, if approved by ScS Shareholders at ScS's 2023 Annual General Meeting, will be paid on 15 December 2023 to ScS Shareholders on the register of members of ScS on 17 November 2023.

- The Transaction Value values ScS's entire issued and to be issued share capital at approximately £99,387,946 on a fully diluted basis.

The Transaction Value represents a premium of approximately:

- 66 per cent. to the Closing Price per ScS Share of 169 pence on 23 October 2023 (being the last practicable date prior to the date of this Announcement); and
- 67 per cent. to the volume weighted average Closing Price per ScS Share of 168 pence for the three months ended on 23 October 2023 (being the last practicable date prior to the date of this Announcement).

The ScS Shares will be acquired by BidCo (or its nominee) with full title guarantee, fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing at the date of this Announcement or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of this Announcement and prior to the Effective Date in respect of the ScS Shares.

Save for the Permitted Dividend, if any dividend or other distribution or return of capital in respect of the ScS Shares is announced, declared, payable or paid in respect of the ScS Shares on or after the date of this Announcement and prior to the Effective Date, Poltronesofà reserves the right to reduce the consideration payable for each ScS Share by the amount of all or part of any such dividend or other distribution or return of capital.

### **3. Background to and reasons for the Acquisition**

As the next step in its successful pan-European expansion, Poltronesofà has decided to continue its geographic growth and plans to enter the United Kingdom sofa market.

Having followed the UK market and its key players for a significant amount of time, Poltronesofà believes that ScS and Poltronesofà share many common values and principles. Poltronesofà admires ScS's significant presence in the United Kingdom sofa and furniture market, as well as its strong brand position, and recognises that ScS is a strong business with a widespread and established base of 100 well-located and spacious showrooms in the United Kingdom. Moreover, ScS benefits from, a well-invested and growing digital e-commerce platform, industry-leading operational excellence, and resilient financial performance.

Poltronesofà acknowledges that the success of upholstery products requires a good understanding of the United Kingdom's customer needs and preferences, as well as local tastes and habits. Given this admiration, Poltronesofà wishes to enter the United Kingdom market through acquiring ScS and combining it with Poltronesofà.

Poltronesofà believes it is strategically well placed to support ScS in the next stage of its development. By building on the combined industry knowledge and experience, and providing the necessary capital to accelerate ScS's ambitions, Poltronesofà intends to help realise ScS's full growth potential.

#### **4. Recommendation**

The ScS directors, who have been so advised by Shore Capital as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the ScS Directors, Shore Capital has taken into account the commercial assessments of the ScS Directors.

Accordingly, the ScS Directors intend to recommend unanimously that ScS Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions relating to the Acquisition at the ScS General Meeting, as they have irrevocably committed to do in respect of their entire beneficial holdings of 272,653 ScS Shares, representing approximately 0.8 per cent. of ScS's issued share capital as at 23 October 2023, being the last practicable date prior to this Announcement.

#### **5. Background to and reasons for the recommendation**

##### **ScS background and developments since IPO**

ScS was admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities in January 2015 (the "**IPO**" or the "**Admission**"). The rationale for the IPO was, among other things, to enable, the owner at the time to partially monetise its holding while also developing a liquid market for its retained ScS Shares going forward. A key part of the investment case for IPO investors was the high dividend yield on offer, with ScS targeting 8.0 per cent. dividend yield for the year ended 25 July 2015 at a time when interest rates were significantly lower than today. The ScS Board believed that a high dividend yield was achievable on IPO due to the cash generative and negative working capital model of ScS combined with an attractive or low IPO valuation.

Since the IPO, the ScS Board believes that ScS has generally performed well despite numerous macroeconomic challenges including Brexit and Covid-19 and currently the high inflationary and higher interest rate environment. However, the ScS Board believes that this performance has generally not been reflected in the ScS share price and ScS has struggled to improve the low market valuation from IPO despite developing a well-regarded track record as a listed company with investors and growing cash resources.

On 6 January 2021, Steve Carson joined the ScS Board as Chief Executive Officer. Since that date, under Steve's leadership, ScS has implemented a refreshed strategy with the aim of driving future growth alongside a revised purpose for the ScS Group of 'helping create the home you love'. The ScS Board believes that significant progress has been made against this refreshed strategy including, among other things: developing a new format store design and commencing rollout of it across the estate; the acquisition of Snug to expand the ScS Group's offering and increase market share; and refreshing and launching new branding and advertising. As a result, ScS has continued to gain market share helping to cement its position as the UK's second largest upholstered furniture retailer.

##### **Rationale for recommendation**

In the short term, the ScS Board remains cognisant of the challenging economic environment facing ScS's customers, which the ScS Board expects to continue throughout 2024. However, the ScS Board is confident that the ScS Group's strategy and strong balance sheet will enable it to continue to trade resiliently and grow market share. The ScS Board further believes that this will place ScS in a strong position for when the economic environment improves.

Nevertheless, based on ScS's history since the IPO, the ScS Board is not confident that this anticipated progress will necessarily be recognised in appropriate share price appreciation. In

the ScS Board's view, this is due to a number of factors including; the lumpiness and sometimes unpredictability of big ticket retail which is unattractive to some public market investors; the IPO positioning of ScS as an income stock when small cap companies are typically growth focused companies and noting the current significantly higher interest rate environment; the poor track record of some comparable retailers; and the failure of investors to properly value ScS's cash resources.

The ScS Directors believe that the ScS Shares generally have low levels of liquidity which makes it difficult for ScS Shareholders with larger holdings to realise their investment and acts as a barrier to certain investors who require a significant holding to become a ScS Shareholder.

Against this backdrop, in considering the terms of the Acquisition, the ScS Directors have taken into account a number of specific factors, including:

- that the terms of the Acquisition (including the Permitted Dividend) represent an attractive premium in cash for ScS shareholders of approximately:
  - 66 per cent. to the Closing Price per ScS Share of 169 pence on 23 October 2023 (being the last practicable date prior to the date of this Announcement); and
  - 67 per cent. to the volume weighted average Closing Price per ScS Share of 168 pence for the three months ended on 23 October 2023 (being the last practicable date prior to the date of this Announcement).
- that Poltronesofà will bring strategic benefits to ScS, by leveraging its significant, pan-European industry expertise and providing the capital necessary to accelerate ScS's strategy from what would be possible as a public company. In this regard, the ScS Board welcomes the statement by Poltronesofà that it is highly supportive of ScS management's vision for the business and the long-term ambitions of being the UK's best value-for-money home retailer;
- that Poltronesofà recognises the high quality of the employees and the strength of the management team at ScS and their importance to the success of ScS following the Acquisition. In addition, that Poltronesofà does not intend that there will be any material headcount reductions as a result of the Acquisition; and
- the Acquisition allows ScS Shareholders to realise their full investment in ScS for cash in the near-term at an attractive valuation, which recognises the quality of ScS's underlying business, cash resources and prospects under its refreshed strategy.

## **6. Irrevocable undertakings**

BidCo has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the resolutions relating to the Acquisition at the ScS General Meeting from certain of the ScS Directors, in respect of their entire beneficial holdings, amounting to 272,653 ScS Shares, in aggregate, representing approximately 0.8 per cent. of the issued share capital of ScS as at 23 October 2023, being the last practicable date prior to this Announcement.

Further details of these irrevocable undertakings are set out in Appendix III.

## **7. Information on Poltronesofà**

Established in Reggio Emilia in 1995, Poltronesofà has become the leading sofa retailer in Italy and one of the leading sofa retailers in Europe. It designs and sells sofas and armchairs, as well as sofa beds and decorative accessories and retails them through its 167 stores in Italy, 106 stores in France and 27 further stores across Europe (15 in Belgium, nine in Switzerland, two in Cyprus and one in Malta).

Poltronesofà is widely recognised for its focus on high-quality customer experience while offering Italian-manufactured products at affordable prices. Its fabric sofas are produced in the Forli and Faenza district, whilst leather sofas are produced in the Puglia and Basilicata district. Poltronesofà's customers appreciate the extensive optionality for customisation, with the wide range of models and versions being customisable through Poltronesofà's extensive range of upholsteries. This customer-centric offering is made available at a very convenient price range and also comes with a full team of well-trained and experienced professionals at the customer's service who are available at any moment to assist throughout the purchase process.

Poltronesofà has in recent years engaged in a successful pan-European expansion. From its beginnings in Italy in 1995, Poltronesofà has grown to currently have over 30% share of the Italian sofa market. Poltronesofà entered the French market in 2011. In the 12 years since it first entered this market, Poltronesofà has grown its market share to currently have over 10% of the French market, despite having a store footprint that only services approximately 60% of the French population. Poltronesofà intends to continue to expand its presence in France in the coming years. Poltronesofà has also successfully entered other markets in Europe, namely Belgium, Switzerland, Cyprus and Malta.

In expanding into new geographies, Poltronesofà's expansion strategy has proven to be highly efficient, with industry-leading timelines for establishing a strong store presence in new regions and taking national market share despite limited initial brand awareness.

The majority of Poltronesofà's share capital is ultimately owned by its founder, Mr. Renzo Ricci, who also serves as Poltronesofà's Chief Executive Officer.

### *BidCo*

BidCo is a newly-incorporated English private limited company and a wholly-owned direct subsidiary of Poltronesofà. BidCo has been formed at the direction of Poltronesofà for the purposes of implementing the Acquisition. BidCo has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.

## **8. Information on ScS**

ScS is one of the UK's largest retailers of sofas, flooring and furniture. It trades as two separate brands – the core ScS brand and the newly acquired Snug brand. The ScS brand seeks to offer value and choice through a wide range of sofas, flooring and furniture products. The product range is designed to appeal to a broad customer base with a mid-market priced offering and is currently traded from 100 stores. The brand specialises primarily in fabric and leather sofas and chairs, selling a range of branded products which are sold under registered trademarks that are not owned by ScS (which include La-Z-Boy, Ideal Home and G Plan) and a range of branded products which are sold under registered trademarks owned by ScS (such as Endurance, Inspire and SiSi Italia). The flooring business includes carpets, rugs, wood, laminate and luxury vinyl tiling. Snug is an innovative digital-first sofa and sofa-bed business specialising in modular and re-configurable sofas, with quick delivery and great quality and customer service, currently operating from 26 retail locations throughout the country, having three standalone stores, 16 concessions in ScS stores and seven third party concessions.

The Group's business commenced trading in Sunderland in 1894 as a family-owned general home furnishings store, under the name "Suite Centre Sunderland". By the 1980s, the business operated from eight stores in the North-East of England under the ScS name, specialising in selling upholstered furniture. Following a management buyout in 1993, the business began to expand outside of the North-East of England, and focused on establishing ScS as a major UK upholstered furniture retailer operating from larger and more modern stores in out-of-town retail park locations.

The store expansion programme saw the store estate grow, and by 2007 it had increased to 95 stores nationwide, under the guidance of ScS's then Chief Executive Officer, David Knight, who was appointed in 2002.

In 2012, following the addition of flooring products to its offering, ScS was re-branded 'Sofa Carpet Specialist' and a number of operational initiatives were also undertaken, including upgrades to business processes, management information and information technology systems.

These improvements led to ScS being listed on the London Stock Exchange in 2015, following a successful IPO.

On 10 January 2023, the ScS Group expanded with the acquisition of Snug, a predominately online modular sofa retailer.

ScS currently has a total of 100 stores across the country from as far north as Aberdeen, all the way down to Plymouth. Although predominantly online, Snug currently operates from 26 retail locations throughout the country, having three standalone stores, 16 concessions in ScS stores and seven third party concessions.

The ScS Group employs over 1,800 people across the UK.

The ScS Group continues to ensure that the needs of its customers remain at the core of everything it does, just as the "Suite Centre Sunderland" aimed to do over a hundred years ago.

Under the leadership of Steve Carson, who was appointed as Chief Executive Officer in January 2021, the ScS Group prides itself on giving its customers an excellent shopping experience allowing them to shop easily in-store, online or by telephone, with experienced sofa and flooring professionals on hand to provide expert knowledge and advice.

## **9. Financing**

BidCo intends to finance the cash consideration payable to ScS Shareholders pursuant to the Acquisition from existing cash on Poltronesofà's balance sheet.

Goldman Sachs, as financial adviser to Poltronesofà, is satisfied that sufficient resources are available to BidCo to enable it to satisfy in full the cash consideration payable to ScS Shareholders under the terms of the Acquisition.

Further information on the financing of the Acquisition will be set out in the Scheme Document.

## **10. Management, employees, pensions, research and development, locations**

### *Poltronesofà's strategic plans for ScS*



Poltronesofà intends to support ScS by leveraging its significant, pan-European industry expertise and providing the capital necessary to accelerate ScS's strategy. Poltronesofà is highly supportive of ScS management's vision for the business and the long-term ambitions of being the UK's best value-for-money home retailer.

Prior to this Announcement, consistent with market practice, Poltronesofà has been granted access to ScS's senior management for the purposes of confirmatory due diligence. However, because of the constraints of a public offer process, Poltronesofà has not yet had access to sufficiently detailed information to formulate detailed plans or intentions regarding the impact of the Acquisition on ScS.

Poltronesofà recognises and values the strategic, operational and product positioning and setup of ScS, as well as the expertise of its management team and employees. Poltronesofà therefore intends to work closely with ScS's senior management to undertake a strategic review of ScS in order to determine how its short and long-term objectives can best be delivered or exceeded. The strategic review will include:

- an assessment of the short and long-term objectives, strategy and potential of ScS's business;
- review of the opportunities and impact that the Acquisition will have on the operations of ScS;
- investigating the potential opportunities for ScS to benefit from the enhanced access to capital that the Acquisition will provide; and
- considering how best to position ScS's business to compete more strongly, which would include evaluating the best corporate organisational setup for the Enlarged Group going forwards.

Poltronesofà expects to complete the strategic review within approximately six months from the Effective Date.

#### ***Employees, management, existing rights and pensions***

ScS has a strong team of talented and committed employees who have worked hard to position ScS as a leading UK home retailer poised for further growth. Poltronesofà recognises the high quality of the employees and the strength of the management team at ScS and their importance to the success of ScS following the Acquisition. Poltronesofà intends to work with ScS's management team to review ScS's business and operations and consider any operational best practices that could be implemented within the Enlarged Group following completion of the Acquisition.

Until the review referenced above is completed, Poltronesofà cannot be certain what, if any, repercussions there will be on employment of the management and employees of ScS. Poltronesofà does not intend that there will be any material headcount reductions or material change in the balance of skills and functions of the ScS employees and management as a result of the Acquisition, except that following the Effective Date there may be reductions in respect of certain overlapping corporate and support functions.

In connection with the strategic review, Poltronesofà will work with the ScS management team to streamline the Enlarged Group with the aim of maintaining operational momentum and retaining and motivating the best talent across the Enlarged Group.

In addition, the strategic review and any headcount reduction would be subject to applicable informing and consulting requirements and conducted in accordance with applicable law.

It is expected that, on the Effective Date, each non-executive ScS Director will resign with immediate effect.

ScS operates a defined contribution pension scheme. Following completion of the Acquisition, the Enlarged Group does not intend to make any changes with regard to the agreed employer contributions into ScS's existing pension scheme or the accrual of benefits to existing members or the admission of new members to such pension schemes.

### ***Management incentivisation arrangements***

Proposals regarding incentivisation arrangements for management and employees of ScS will be considered following the Effective Date. Poltronosofà has not entered into incentivisation or other arrangements with ScS's management and has not yet had discussions about the form these might take. There are no such proposed incentivisation arrangement for management at this time and no discussions have yet taken place.

### ***Headquarters, locations, research and development and fixed assets***

Poltronosofà does not intend to make material changes to places of business, or headquarters of ScS or to redeploy the fixed assets of ScS. As set out above, these areas will all form part of the strategic review to establish an optimal approach for the future of ScS.

As far as Poltronosofà is aware, ScS does not have a research and development function and Poltronosofà has no plans in this regard.

### ***Trading facilities***

ScS is currently listed on the Official List. If Poltronosofà reaches the requisite acceptance thresholds referred to in Section 13 (Structure of the Acquisition), applications will be made to the London Stock Exchange for the cancellation of the trading of the ScS Shares on the Main Market, and to the FCA to request cancellation of the listing of the ScS Shares on the Official List and Poltronosofà will re-register ScS as a private company.

No statements in this Section 10 (*Management, employees, pensions, research and development, locations*) constitute "post-offer undertakings" for the purposes of Rule 19.5 of the Code.

## **11. ScS Share Schemes**

Details of any proposals to participants in the ScS Share Schemes will be set out in the Scheme Document and in separate letters to be sent to the participants in the ScS Share Schemes.

## **12. Acquisition-related arrangements**

### ***Confidentiality Agreement***

Poltronosofà and ScS have entered into a Confidentiality Agreement, pursuant to which Poltronosofà has undertaken to keep confidential information relating to the ScS Group and not to disclose it to third parties (with certain exceptions) unless required by law or regulation or to the extent ScS consents in writing prior to the disclosure. The Confidentiality Agreement also includes customary standstill and surrender obligations.

The confidentiality obligations will remain in force notwithstanding any decision by Poltronosofà or ScS not to proceed with the Acquisition and shall terminate 24 months after the termination of discussions between Poltronosofà and ScS.

### ***Co-operation Agreement***

Poltronosofà, BidCo and ScS entered into the Co-operation Agreement on 23 October 2023, pursuant to which BidCo and ScS have, among other things, each agreed that BidCo and ScS will: (i) co-operate in relation to obtaining the satisfaction of Conditions set out in paragraph 3(a) of Appendix I by the Long Stop Date; (ii) co-operate in relation to the provision of certain information for the purposes of the Scheme Document and for BidCo to otherwise assist ScS with the preparation of the Scheme Document; and (iii) co-operate in implementing certain employee-related matters in relation to the ScS Share Schemes.

The Co-operation Agreement will terminate in certain circumstances, including if: (i) the Offer (if applicable) is withdrawn or lapses in accordance with its terms or with the consent of the Panel; (ii) the ScS Directors withdraw their recommendation of the Acquisition; or (iii) the Scheme does not become Effective in accordance with its terms by the Long Stop Date.

## **13. Structure of the Acquisition**

### ***Scheme***

It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement between ScS and the ScS Shareholders under Part 26 of the Companies Act (although Poltronosofà reserves the right to implement the Acquisition by means of an Offer, subject to the consent of the Panel and the terms of the Co-operation Agreement).

The purpose of the Scheme is to provide for BidCo to become the ultimate owner of the entire issued and to be issued share capital of ScS. Pursuant to the Scheme, the ScS Shares will be transferred to BidCo in consideration for which the ScS Shareholders who are on ScS's register of members at the Scheme Record Time will receive the cash consideration on the basis set out in Section 2 (*The Acquisition*) of this Announcement.

### ***Approval by Court Meeting and General Meeting***

To become Effective, the Scheme requires, among other things:

- (a) satisfaction (or, where applicable, waiver) of the Conditions including the receipt of relevant regulatory approval from the FCA in respect of the Acquisition;
- (b) approval by a majority in number of the ScS Shareholders who are present and vote, either in person or by proxy, at the Court Meeting (and at any separate class meeting which may be required by the Court) and who represent not less than 75 per cent. in value of the ScS Shares (or the relevant class or classes thereof) voted by those ScS Shareholders;
- (c) approval of not less than 75 per cent. of the votes cast, either in person or by proxy, of the resolutions required to approve and implement the Scheme at the ScS General Meeting; and
- (d) sanction of the Scheme by the Court and, following such sanction, the delivery of a copy of the Court Order to the Registrar of Companies.

### ***Application to Court to sanction the Scheme***

Once the approvals of the ScS Shareholders have been obtained at the Court Meeting and the General Meeting, and the other Conditions have been satisfied or (where applicable) waived, the Scheme must be sanctioned by the Court at the Court Hearing.

The Scheme will become effective in accordance with its terms on delivery of a copy of the Court Order to the Registrar of Companies. Upon the Scheme becoming Effective, it will be binding on all ScS Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or General Meeting, or whether they voted in favour of or against the Scheme.

***Full details of the Scheme to be set out in the Scheme Document***

The Scheme Document will contain further information about the Acquisition and the notices of the Court Meeting and ScS General Meeting, together with the associated Forms of Proxy. Further details of the Scheme will be set out in the Scheme Document, including the expected timetable and the action to be taken by ScS Shareholders.

The Scheme will be governed by English law. The Scheme will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the FCA and the Listing Rules.

It is expected that the Scheme Document will be published and sent to ScS Shareholders and, for information only, to participants in the ScS Share Schemes within 28 days of this Announcement, unless Poltronesofà and ScS otherwise agree, and the Panel consents, to a later date.

At this stage, subject to the approval and availability of the Court (which is subject to change), and subject to the satisfaction (or, where applicable, waiver) of the Conditions, Poltronesofà expects the Acquisition will become Effective in the first quarter of 2024.

Subject to certain restrictions relating to persons resident in Restricted Jurisdictions, the Scheme Document will also be made available on Poltronesofà's website at [www.poltronesofa-offer.com](http://www.poltronesofa-offer.com) and ScS's website at [www.scsplc.co.uk/investors](http://www.scsplc.co.uk/investors).

***Conditions to the Acquisition***

The Acquisition will be subject to the Conditions and further terms set out in full in Appendix I to this Announcement and to be set out in the Scheme Document.

Among others, the Conditions include a regulatory approval in England and Wales.

The Conditions set out in paragraphs 1 and 2 of Appendix I to this Announcement provide that the Scheme will lapse, and the Acquisition shall not proceed (unless the Panel otherwise consents) if:

- (a) the Scheme does not become Effective by 11.59 p.m. on the Long Stop Date;
- (b) the Court Meeting is not held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Poltronesofà and ScS and the Court may allow);
- (c) the ScS General Meeting is not held on or before the 22nd day after the expected date of the ScS General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Poltronesofà and ScS and the Court may allow); or

- (d) the Scheme is not sanctioned on or before the 22nd day after the expected date of the Court Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Poltronosofà and ScS and the Court may allow) and a copy of the Court Order is not delivered to the Registrar of Companies,

and such deadlines are not waived by BidCo or otherwise extended by agreement between BidCo, ScS, the Panel and the Court.

### ***Right to switch to an Offer***

BidCo reserves the right to elect to implement the Acquisition by way of an Offer for the entire issued and to be issued share capital of ScS as an alternative to the Scheme. In such an event, the Offer will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme and subject to the amendment referred to in Part C of Appendix I to this Announcement.

## **14. De-listing, cancellation of trading and re-registration**

Prior to the Scheme becoming Effective, a request will be made by ScS to the London Stock Exchange to cancel the admission to trading in ScS Shares on its Main Market for listed securities to take effect on, or shortly after, the Effective Date and the FCA will be requested to cancel the listing of the ScS Shares from the Official List on, or shortly after, the Effective Date.

On the Effective Date, share certificates in respect of ScS Shares will cease to be valid (and should be destroyed) and entitlements to ScS Shares held within the CREST system will be cancelled.

As soon as practicable after the Effective Date and after the cancellation of the admission to trading in ScS Shares on the London Stock Exchange's Main Market for listed securities and the cancellation of the listing of the ScS Shares on the Official List, it is intended that ScS will be re-registered as a private limited company under the relevant provisions of the Companies Act.

## **15. Disclosure of interests in ScS**

As at the close of business on 23 October 2023 (being the last practicable date prior to this Announcement), save for: (i) the disclosures in this Section 15; and (ii) the Irrevocable Undertakings referred to in Section 6, none of BidCo or any of its directors or, so far as BidCo is aware, any person acting, or deemed to be acting, in concert with BidCo had:

- any interest in, or right to subscribe for, relevant securities of ScS;
- any short position in (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 of, relevant securities of ScS;
- procured an irrevocable commitment to accept the terms of the Acquisition in respect of relevant securities of ScS; or
- borrowed or lent any ScS Shares.

Furthermore, no dealing arrangement (of the kind referred to in Note 11 of the definition of "acting in concert" in the Code) exists between BidCo or ScS or any person acting in concert with BidCo or ScS in relation to ScS Shares.

## **16. Rule 2.9 disclosure**

In accordance with Rule 2.9 of the Code, ScS confirms that, as at the close of business on 23 October 2023, being the last Business Day before this Announcement, it had 33,954,674 ordinary shares of £0.001 each in issue admitted to trading on the Main Market of the London Stock Exchange. The International Securities Identification Number (ISIN) for ScS Shares is GB00BRF0TJ56.

## **19. General**

The Acquisition will be subject to the Conditions and other terms set out in Appendix I and to be set out in the Scheme Document.

Goldman Sachs and Shore Capital have each given and not withdrawn their consent to the publication of this Announcement with the inclusion of their names in the form and context in which they appear.

## **21. Documents available on a website**

Subject to certain restrictions relating to persons in Restricted Jurisdictions, copies of the following documents will, by no later than 12 noon on the Business Day following the date of this Announcement, be made available on Poltronesofà's website at [www.poltronesofa-offer.com](http://www.poltronesofa-offer.com) and ScS's website at [www.scsplc.co.uk/investors](http://www.scsplc.co.uk/investors) (as applicable) until the end of the Offer Period:

- (a) this Announcement;
- (b) the Confidentiality Agreement;
- (c) the Co-operation Agreement;
- (d) the Irrevocable Undertakings; and
- (e) consent letters from Goldman Sachs and Shore Capital.

Neither the contents of Poltronesofà's website or the contents of ScS's website, nor the content of any other website accessible from hyperlinks on either such website, is incorporated into or forms part of, this Announcement.

### ***Disclaimers***

*Goldman Sachs, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority is acting as financial adviser to Poltronesofà and no one else in connection with the Acquisition referred to in this Announcement and will not be responsible to anyone other than Poltronesofà for providing the protections afforded to clients of Goldman Sachs or for providing advice in relation to this approach, the contents of this Announcement or any other matter referred to herein.*

*Shore Capital, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority is acting as financial adviser to ScS and no one else in connection with the Acquisition referred to in this Announcement and will not be responsible to anyone other than ScS for providing the protections afforded to clients of Shore Capital or for providing advice in relation to this approach, the contents of this Announcement or any other matter referred*

to herein.

### **Further information**

*This Announcement is for information purposes only and is not intended to and does not constitute, or form any part of, an offer, invitation or the solicitation of an offer to purchase or subscribe, otherwise acquire, subscribe for, sell or otherwise dispose of any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise.*

*The Acquisition will be subject to English law and to the applicable requirements of the Code, the Panel, the Listing Rules, the London Stock Exchange and the FCA.*

*The Acquisition will be made solely by the Scheme Document, which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Scheme. Any voting decision or response in relation to the Acquisition should be made solely on the basis of the Scheme Document. ScS Shareholders are advised to read the formal documentation in relation to the Acquisition carefully once it has been published. Each ScS Shareholder is urged to consult his or her independent professional adviser regarding the tax consequences of the Acquisition.*

*This Announcement does not constitute a prospectus or a prospectus equivalent document.*

*If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or from an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended).*

*This Announcement has been prepared for the purpose of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside England.*

### **Overseas shareholders**

*The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom (including Restricted Jurisdictions) should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to vote their ScS Shares in respect of the Scheme at the Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with applicable legal or regulatory requirements of any jurisdiction may constitute a violation of securities laws in that jurisdiction. To the fullest extent permitted by law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This Announcement has been prepared for the purpose of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside England.*

*The Acquisition will not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, telephonic or electronic) of interstate or foreign commerce of, or any facility of a national, state or other securities*

*exchange of, a Restricted Jurisdiction, and the Acquisition will not be capable of acceptance by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Copies of this Announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of acceptance of the Acquisition.*

*If the Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.*

*Further details in relation to ScS Shareholders in overseas jurisdictions will be contained in the Scheme Document.*

#### ***Additional information for US investors in ScS***

*The Acquisition relates to the shares of an English company and is being made by way of a scheme of arrangement provided for under Part 26 of the Companies Act. The Acquisition, implemented by way of a scheme of arrangement, is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Acquisition and the Scheme will be subject to the disclosure requirements and practices applicable to a scheme of arrangement involving a target company incorporated in the UK and listed on the London Stock Exchange, which differ from the disclosure requirements of US tender offer and proxy solicitation rules. If, in the future, BidCo exercises its right to implement the Acquisition by way of an Offer and determines to extend the Offer into the United States, the Acquisition will be made in compliance with applicable US laws and regulations.*

#### ***Forward-Looking Statements***

*This Announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of ScS and certain plans and objectives of Poltronosofà and ScS.*

*These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. These statements are based on assumptions and assessments made by ScS, BidCo and Poltronosofà in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate, and therefore are subject to risks and uncertainties which could cause actual results to differ materially from those expressed or implied by those forward-looking statements.*

*Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “believe”, “hope”, “aim”, “will”, “continue”, “may”, “would”, “could”, “should” or other words of similar meaning or the negative thereof. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, economic performance, synergies, financial conditions, market growth, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the operations of the Poltronosofà*



*Group or the ScS Group; and (iii) the effects of government regulation on the business of the Poltronosofà Group or the ScS Group. There are many factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among such factors are changes in the global, political, economic, business, competitive or market landscape and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or disposals.*

*These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. By their nature, these forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. The factors described in the context of such forward-looking statements in this Announcement may cause the actual results, performance or achievements of any such person, or industry results and developments, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. No assurance can be given that such expectations will prove to have been correct and persons reading this Announcement are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this Announcement. All subsequent oral or written forward-looking statements attributable to Poltronosofà, BidCo or ScS or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Neither Poltronosofà, BidCo nor ScS undertakes any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.*

#### ***No profit forecasts, estimates or quantified financial benefits statements***

*No statement in this Announcement is intended as a profit forecast or estimate for any period or a quantified financial benefits statement and no statement in this Announcement should be interpreted to mean that earnings or earnings per ordinary share, for Poltronosofà or ScS, respectively for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per ordinary share for Poltronosofà or ScS, respectively.*

#### ***Right to switch to an Offer***

*BidCo reserves the right to elect to implement the Acquisition by way of an Offer for the entire issued and to be issued share capital of ScS as an alternative to the Scheme. In such an event, the Offer will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme and subject to the amendment referred to in Part C of Appendix I to this Announcement.*

#### ***Publication on website***

*A copy of this Announcement and the documents required to be published pursuant to Rule 26.1 and Rule 26.2 of the Code will be made available (subject to certain restrictions relating to persons resident in Restricted Jurisdictions), free of charge, at [www.poltronosofa-offer.com](http://www.poltronosofa-offer.com) and at [www.scsplc.co.uk/investors](http://www.scsplc.co.uk/investors) and by no later than 12 noon on the Business Day following the date of this Announcement.*

*Neither the contents of these websites nor the content of any other website accessible from hyperlinks on such websites is incorporated into, or forms part of, this Announcement.*

#### ***Hard copy documents***

*In accordance with Rule 30.3 of the Code, ScS Shareholders, persons with information rights*

*and participants in the ScS Share Schemes may request a hard copy of this Announcement by contacting ScS's registrars, Equiniti Limited, on +44 (0)371 384 2050 or by submitting a request in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom. The Shareholder Helpline is open from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except English and Welsh public holidays). Calls are charged at the standard geographical rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate.*

*Please note the Shareholder Helpline cannot provide advice on the merits of the Acquisition or the Scheme nor give any financial, investment, legal or tax advice.*

*For persons who receive a copy of this Announcement in electronic form or via a website notification, a hard copy of this Announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information be sent to them in relation to the Acquisition in hard copy form.*

### ***UK Market Abuse Regulation***

*This Announcement contains inside information for the purposes of Article 7 of UK MAR. Market soundings (as defined in UK MAR) were taken in respect of a potential offer with the result that certain persons became aware of inside information (as defined in UK MAR) as permitted by UK MAR. This inside information is set out in this Announcement. Therefore, those persons that received inside information in a market sounding are no longer in possession of such inside information relating to ScS and its securities.*

### ***Information relating to ScS Shareholders***

*Addresses, electronic addresses and certain other information provided by ScS Shareholders, persons with information rights and other relevant persons for the receipt of communications from ScS may be provided to Poltronesofà and BidCo during the Offer Period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.*

### ***Rounding***

*Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.*

### ***Rule 2.9 disclosure***

*In accordance with Rule 2.9 of the Code, ScS confirms that, as at the close of business on 23 October 2023, being the last practicable date prior to this Announcement, it had in issue 33,954,674 ordinary shares of 0.001 each. The International Securities Identification Number (ISIN) for ScS Shares is GB00BRF0TJ56.*

### ***Disclosure requirements of the Code***

*Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified.*

*An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day (as defined in the Code) following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day (as defined in the Code) following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day (as defined in the Code) following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44(0)20 7638 0129.*



## APPENDIX I

### CONDITIONS AND FURTHER TERMS OF THE ACQUISITION

#### Part A

##### Conditions to the Acquisition

1. The Acquisition will be conditional upon the Scheme becoming unconditional and Effective, subject to the Code, by no later than 11.59 p.m. on the Long Stop Date.

##### Scheme approval

2. The Scheme will be conditional upon:
  - (a)
    - (i) its approval by a majority in number representing not less than 75 per cent. in value of the ScS Shareholders (or the relevant class or classes thereof, if applicable) in each case present, entitled to vote and voting, either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting; and
    - (ii) the Court Meeting and any separate class meeting which may be required by the Court or any adjournment of any such meeting being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date, if any, as Poltronesofà and ScS may agree and the Court may allow);
  - (b)
    - (i) all resolutions necessary to approve and implement the Scheme being duly passed by the requisite majority or majorities at the General Meeting or at any adjournment of that meeting; and
    - (ii) the ScS General Meeting or any adjournment of that meeting being held on or before the 22nd day after the expected date of the ScS General Meeting to be set out in the Scheme Document in due course (or such later date, if any, as Poltronesofà and ScS may agree and the Court may allow); and
  - (c)
    - (i) the sanction of the Scheme by the Court (with or without modification (but subject to any such modification being acceptable to Poltronesofà and ScS)) and the delivery of a copy of the Court Order to the Registrar of Companies; and
    - (ii) the Court Hearing being held on or before the 22nd day after the expected date of the Court Hearing to be set out in the Scheme Document in due course (or such later date, if any, as Poltronesofà and ScS may agree and the Court may allow).

##### Other Conditions

3. The Acquisition will also be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken

unless the following Conditions (as amended if appropriate) have been satisfied or, where capable of waiver, waived:

### **Competition law and regulatory approvals**

- (a) each of BidCo and any other person who is to acquire control over ScS for the purposes of Part XIII of FSMA at completion of the Acquisition having given notice to the FCA under section 178 of FSMA, and the FCA:
  - (i) having given notice in writing of its unconditional approval of the acquisition of control by each such person in accordance with section 189(4)(a) of FSMA; or
  - (ii) having given notice in writing that it approves the acquisition of control by each such person subject to conditions in accordance with section 189(7) of FSMA, where those conditions are reasonably satisfactory to Poltronosofà; or
  - (iii) being treated as having approved the acquisition of control by each such person in accordance with section 189(6) of FSMA.

### **General third party clearances**

- (b) the waiver (or non-exercise within any applicable time limits) by any relevant government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction (each a “**Third Party**”) of any termination right, right of pre-emption, first refusal or similar right (which is material in the context of the Wider ScS Group or the Wider Poltronosofà Group taken as a whole) arising as a result of or in connection with the Acquisition including, without limitation, its implementation and financing or the proposed direct or indirect acquisition of any shares or other securities in, or control of, ScS by BidCo or any member of the Poltronosofà Group;
- (c) no Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or enacted, made or proposed any statute, regulation, decision or order, or having taken any other steps which would or might reasonably be expected to:
  - (i) require, prevent or materially delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Poltronosofà Group or any member of the Wider ScS Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part thereof which in any such case would be material in the context of the Wider Poltronosofà Group or Wider ScS Group taken as a whole;
  - (ii) require, prevent or materially delay, or materially alter the terms envisaged for, any proposed divestiture by any member of the Wider Poltronosofà Group of any shares or other securities in ScS;

- (iii) impose any material limitation on, or result in a delay in, the ability of any member of the Wider ScS Group directly or indirectly to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider ScS Group or the Wider Poltronesofà Group or to exercise management control over any such member, in each case, to an extent which is material in the context of the Wider ScS Group or the Wider Poltronesofà Group;
  - (iv) otherwise adversely affect the business, assets, profits or prospects of any member of the Wider ScS Group or of any member of the Wider Poltronesofà Group to an extent which is material in the context of the Wider Poltronesofà Group or the Wider ScS Group, in either case taken as a whole;
  - (v) make the Acquisition or its implementation or the acquisition or proposed acquisition by Poltronesofà or any member of the Wider ScS Group of any shares or other securities in, or control of ScS void, illegal, or unenforceable under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, materially restrain, restrict, prohibit, delay or otherwise interfere with the same, or impose material additional conditions or obligations with respect thereto, or otherwise challenge or interfere therewith;
  - (vi) require (save as envisaged by the Acquisition) any member of the Wider Poltronesofà Group or the Wider ScS Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider Poltronesofà Group or the Wider ScS Group owned by any third party where such acquisition would be material in the context of the Wider ScS Group taken as a whole or, as the case may be, the Wider Poltronesofà Group taken as a whole;
  - (vii) impose any limitation on the ability of any member of the Wider Poltronesofà Group to integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider ScS Group which is adverse to and material in the context of the Wider ScS Group or the Wider Poltronesofà Group, in each case taken as a whole in the context of the Acquisition; or
  - (viii) result in any member of the Wider ScS Group ceasing to be able to carry on business under any name under which it presently does so, and all applicable waiting and other time periods during which any such Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Acquisition or the acquisition or proposed acquisition of any ScS Shares having expired, lapsed or been terminated;
- (d) in addition to the competition law and regulatory approvals referred to in Condition 3(a) to 3(c) above, all necessary filings or applications having been made in connection with the Acquisition and all necessary statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Acquisition or the acquisition by any member of the

Wider Poltronosofà Group of any shares or other securities in, or control of, ScS and all authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals or the proposed acquisition of any shares or other securities in, or control of, ScS by any member of the Wider Poltronosofà Group having been obtained in terms and in a form reasonably satisfactory to Poltronosofà from all appropriate Third Parties or persons with whom any member of the Wider ScS Group has entered into contractual arrangements and all such authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals together with all authorisations orders, recognitions, grants, licences, confirmations, clearances, permissions and approvals necessary or appropriate to carry on the business of any member of the Wider ScS Group, in each case which is material in the context of the Wider Poltronosofà Group or the Wider ScS Group as a whole, remaining in full force and effect and all material filings necessary for such purpose have been made and there being no notice or intimation of any intention to revoke or not to renew any of the same at the time at which the Acquisition becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;

**Certain matters arising as a result of any arrangement, agreement etc.**

- (e) except as Disclosed, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider ScS Group is a party or by or to which any such member or any of its assets are or may be bound, entitled or subject, which, in each case as a consequence of the Acquisition or the proposed acquisition of any shares or other securities in ScS or because of a change in the control or management of ScS or otherwise, would or would reasonably be expected to result in (in each case to an extent which is material in the context of the Wider ScS Group as a whole, or in the context of the Acquisition):
  - (i) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or grant available to any such member, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
  - (ii) any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any such member thereunder being terminated or adversely affected or any onerous obligation or liability arising or any action being taken or arising thereunder;
  - (iii) any assets or interests of any such member being or falling to be disposed of or charged or ceasing to be available to any such member or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any such member other than in the ordinary course of business;
  - (iv) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member;



- (v) the rights, liabilities, obligations or interests of any such member in, or the business of any such member with, any person, firm or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected;
- (vi) the value of any such member or its financial or trading position or prospects being prejudiced or adversely affected;
- (vii) any such member ceasing to be able to carry on business under any name under which it presently does so;
- (viii) the creation of any liability, actual or contingent, by any such member, other than trade creditors or other liabilities incurred in the ordinary course of business; or
- (ix) any liability of any such member to make any severance, termination, bonus or other payment to any of its directors or other officers,

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider ScS Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would or might reasonably be expected to result in any of the events or circumstances as are referred to in subparagraphs (i) to (ix) of this Condition 3(e), in each case which is or would be material in the context of the Wider ScS Group taken as a whole;

**No material transactions, claims or changes in the conduct of the business of the ScS Group**

- (f) except as Disclosed, no member of the Wider ScS Group having, since 30 July 2022:
  - (i) save as between ScS and wholly-owned subsidiaries of ScS or for ScS Shares issued pursuant to the exercise of options or vesting of awards granted under the ScS Share Schemes, issued, authorised or proposed the issue of additional shares of any class;
  - (ii) save as between ScS and wholly-owned subsidiaries of ScS or for the grant of options and awards under the ScS Share Schemes, issued or agreed to issue, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;
  - (iii) save for the Permitted Dividend(s), other than to another member of the ScS Group, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution whether payable in cash or otherwise;
  - (iv) save for intra-ScS Group transactions, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, acquisition or disposal, transfer,

mortgage, charge or security interest, in each case, other than in the ordinary course of business;

- (v) save for intra-ScS Group transactions, made or authorised or proposed or announced an intention to propose any material change in its loan capital;
- (vi) issued, authorised or proposed the issue of any debentures or (save for intra-ScS Group transactions), save in the ordinary course of business, incurred or increased any indebtedness or become subject to any liability (actual or contingent);
- (vii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;
- (viii) implemented, or authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business or entered into or changed the terms of any contract with any director or senior executive;
- (ix) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which is or could be restrictive on the businesses of any member of the Wider ScS Group or the Wider Poltronesofà Group or which involves an obligation of such a nature or magnitude or which is other than in the ordinary course of business and which, in any such case, is material in the context of the Wider ScS Group or the Wider Poltronesofà Group taken as a whole;
- (x) (other than in respect of a member of the Wider ScS Group which is dormant and was solvent at the relevant time) taken any corporate action or had any legal proceedings started or threatened against it for its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or had any such person appointed;
- (xi) waived or compromised any claim otherwise than in the ordinary course of business and which is material in the context of the Wider ScS Group taken as a whole;
- (xii) entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition 3(f) and which is material in the context of the Wider ScS Group taken as a whole;
- (xiii) having made or agreed or consented to any significant change to:

- (A) the terms of the trust deeds constituting the pension scheme(s) established by any member of the Wider ScS Group for its directors, employees or their dependents;
  - (B) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;
  - (C) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made, in each case, to the extent which is material in the context of the Wider ScS Group taken as a whole;
- (xiv) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider ScS Group and in each case which is material in the context of the Wider ScS Group taken as a whole; or
  - (xv) having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of ScS Shareholders in a general meeting in accordance with, or as contemplated by, Rule 21.1 of the Code;

**No adverse change, litigation or regulatory enquiry**

- (g) except as Disclosed, since 30 July 2022:
  - (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of any member of the Wider ScS Group which is material in the context of the Wider ScS Group taken as a whole;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal or regulatory proceedings to which any member of the Wider ScS Group is or may become a party (whether as a plaintiff, defendant or otherwise) and no investigation by any ScS Party against or in respect of any member of the Wider ScS Group having been instituted, announced or threatened by or against or remaining outstanding in respect of any member of the Wider ScS Group which is material in the context of the Wider ScS Group taken as a whole;
  - (iii) no contingent or other liability having arisen or become apparent to Poltronosofà which would be likely to adversely affect any member of the Wider ScS Group, taken as a whole;
  - (iv) no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence

held by any member of the Wider ScS Group which is necessary for the proper carrying on of its business; and

- (v) no member of the Wider ScS Group having conducted its business in breach of any applicable laws and regulations which in any case is material in the context of the Wider ScS Group taken as a whole;

#### **No discovery of certain matters**

- (h) except as Disclosed, Poltronosofã not having discovered:
  - (i) that any financial, business or other information concerning the Wider ScS Group as contained in the information publicly disclosed at any time by or on behalf of any member of the Wider ScS Group is misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make that information not misleading; or
  - (ii) that any member of the Wider ScS Group is subject to any liability (actual or contingent) which is not disclosed in the annual report and accounts of ScS for the financial year ended 30 July 2022,

in each case, to the extent which is material in the context of the Wider ScS Group taken as a whole;

- (i) except as Disclosed, Poltronosofã not having discovered that:
  - (i) any past or present member of the Wider ScS Group has failed to comply in any material respect with any or all applicable legislation or regulations, of any jurisdiction with regard to the use, storage, carriage, disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair materially the environment (including property) or harm human health or animal health or otherwise relating to environmental matters or the health and safety of humans, or that there has otherwise been any such storage, carriage, disposal, spillage, release, discharge, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations, and wherever the same may have taken place) any of which storage, carriage, disposal, spillage, release, discharge, leak or emission would be likely to give rise to any material liability (actual or contingent) on the part of any member of the Wider ScS Group; or
  - (ii) there is, or is likely to be, for that or any other reason whatsoever, any material liability (actual or contingent) of any past or present member of the Wider ScS Group to make good, repair, reinstate or clean up any property now or previously owned, occupied, operated or made use of or controlled by any such past or present member of the Wider ScS Group, under any environmental legislation, regulation, notice, circular or order of any government, governmental, quasi-governmental, state or local government, supranational, statutory or other regulatory body, agency, court, association or any other person or body in any jurisdiction; or

## **Anti-corruption, sanctions and criminal property**

- (j) save as Disclosed, Poltronosofà not having discovered that:
  - (i) any past or present member, director, officer or employee of the Wider ScS Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation or any person that performs or has performed services for or on behalf of the Wider ScS Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation; or
  - (ii) any asset of any member of the Wider ScS Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); or
  - (iii) any past or present member, director, officer or employee of the ScS Group, or any other person for whom any such person may be liable or responsible, has engaged in any business with, made any investments in, made any funds or assets available to or received any funds or assets from: (a) any government, entity or individual in respect of which US, UK or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US, UK or European Union laws or regulations, including the economic sanctions administered by the US Office of Foreign Assets Control, or HM Treasury in the UK; or (b) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the US, the UK, the European Union or any of its member states; or
  - (iv) no member of the ScS Group being engaged in any transaction which would cause Poltronosofà to be in breach of any law or regulation upon its acquisition of ScS, including the economic sanctions of the US Office of Foreign Assets Control, or HM Treasury & Customs in the UK, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the US, the UK, the European Union or any of its member states,

in each case, to the extent which is material in the context of the Wider ScS Group taken as a whole.

## **Part B**

### **Waiver and Invocation of the Conditions**

1. Subject to the requirements of the Panel in accordance with the Code, BidCo reserves

the right to waive, in whole or in part, all or any of the Conditions in Part A above, except for Conditions 2(a)(i), 2(b)(i) and 2(c)(i) (*Scheme Approval*), which cannot be waived.

2. The Acquisition will be subject to the satisfaction (or waiver, if permitted) of the Conditions in Part A above, and to certain further terms set out in Part D below, and to the full terms and conditions which will be set out in the Scheme Document.
3. Conditions 2(a)(i), 2(b)(i) and 3(a)-3(d) (inclusive) must be fulfilled, determined by Poltronesofà to be or to remain satisfied or (if capable of waiver) waived, by no later than 11.59 p.m. on the date immediately preceding the date of the Court Hearing, failing which the Acquisition will lapse. BidCo shall be under no obligation to waive or treat as satisfied any of Condition 3(a)-3(d) by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that the other Conditions to the Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
4. Under Rule 13.5 of the Code, BidCo may not invoke a Condition so as to cause the Acquisition not to proceed, to lapse or be withdrawn, unless the circumstances which give rise to the right to invoke the Condition are of material significance to BidCo in the context of the Acquisition. Conditions 1 and 2 of Part A (and, if applicable, any acceptance condition adopted on the basis specified in paragraph 2 of Part C below in relation to any Offer) are not subject to this provision of the Code. Any Condition which is subject to Rule 13.5(a) of the Code may be waived by Poltronesofà.

## **Part C**

### **Implementation by way of an Offer**

1. BidCo reserves the right to elect to implement the Acquisition by way of an Offer as an alternative to the Scheme with the consent of the Panel and subject to the terms of the Co-operation Agreement.
2. In such event, such Offer will be implemented on the same terms and conditions, so far as applicable, as those which would apply to the Scheme subject to appropriate amendments to reflect the change in method of effecting the Offer, including (without limitation) the inclusion of an acceptance condition set at 90 per cent. of the ScS Shares to which the Offer relates or such lesser percentage as BidCo, with the consent of the Panel, decides, being in any case more than 50 per cent. of the ScS Shares to which the Offer relates.

## **Part D**

### **Certain further terms of the Acquisition**

1. The Acquisition will lapse if the Scheme does not become effective by 11.59 p.m. on the Long Stop Date.
2. The availability of the Acquisition to persons not resident in the UK may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the UK should inform themselves about, and observe, any applicable requirements. ScS Shareholders who are in any doubt about such matters should consult an appropriate independent

professional adviser in the relevant jurisdiction without delay and observe any applicable requirements.

3. This Acquisition will be governed by English law and be subject to the jurisdiction of the English courts and to the Conditions set out in the Scheme Document. The Acquisition will comply with the applicable rules and regulations of the FCA, the London Stock Exchange and the Code.
4. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
5. The ScS Shares will be acquired by BidCo with full title guarantee, fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing at the date of this Announcement or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the Effective Date in respect of the ScS Shares.
6. Save for the Permitted Dividends, if any dividend or other distribution is announced, declared, made or paid in respect of the ScS Shares on or after the date of this Announcement and prior to the Effective Date, BidCo reserves the right to reduce the consideration payable in respect of each ScS Share by the amount of all or part of any such dividend or other distribution.
7. If BidCo is required by the Panel to make an offer for ScS pursuant to Rule 9 of the Code, Poltronesofà may make such alterations to any of the above Conditions and terms of the Acquisition as are necessary to comply with the provisions of the Code.

## APPENDIX II

### SOURCES OF INFORMATION AND BASES OF CALCULATION

In this Announcement:

- (i) the value of the Acquisition is based on ScS's fully diluted issued ordinary share capital of 35,495,695 ScS Shares, calculated as:
  - (a) 33,954,674 ScS Shares in issue (net of shares in treasury) on 23 October 2023 (being the latest practicable date prior to this Announcement); plus
  - (b) 1,541,021 ScS Shares that may be issued on the expected vesting of awards and exercise of options granted under the ScS Share Schemes being the expected number of ScS Shares which could be issued on or after the date of this Announcement on the vesting of awards or exercise of options under the ScS Share Schemes;
- (ii) as at 23 October 2023 (being the latest practicable date prior to this Announcement), ScS had 33,954,674 ScS Shares in issue; and
- (iii) unless otherwise stated, all prices for ScS Shares are the Closing Price derived from Factset for the relevant date.



## APPENDIX III

### IRREVOCABLE UNDERTAKINGS

#### Directors' Irrevocable Undertakings

BidCo has received irrevocable undertakings from certain of the ScS Directors to vote in favour of the Scheme at the Court Meeting and the resolutions relating to the Acquisition at the General Meeting in respect of their beneficial holdings of ScS Shares representing in aggregate approximately 0.8 per cent. of the existing issued ordinary share capital of ScS as at 23 October 2023 (being the last practicable date prior to this Announcement).

<b>Name of ScS Director</b>	<b>Number of ScS Shares</b>	<b>% of ScS issued share capital</b>
Alan Smith	18,096	0.1
Steve Carson	75,000	0.2
Chris Muir	179,557	0.5
<b>TOTAL</b>	<b>272,653</b>	<b>0.8</b>

These irrevocable undertakings given by certain of the ScS Directors will continue to be binding in the event that a higher competing offer is made for ScS.

The irrevocable undertakings given by certain of the ScS Directors will cease to be binding if:

- this Announcement has not been released by midday (London time) on 24 October 2023 (or such later date as ScS and Bidco may agree);
- the Scheme Document has not been published within 28 days of the date of this Announcement (or such longer period as the Panel may agree);
- BidCo announces, with the consent of the Panel and prior to publication of the Scheme Document, that it does not intend to proceed with the Acquisition and no new, revised or replacement Scheme is announced by BidCo in accordance with Rule 2.7 of the Code at the same time;
- the Scheme lapses or is withdrawn in accordance with its terms and no new, revised or replacement Scheme is announced by BidCo in accordance with Rule 2.7 of the Code at the same time; or
- the Scheme has not become effective by 11.59 p.m. (London time) on the Long Stop Date.

## **APPENDIX IV**

### **DEFINITIONS**

The following definitions apply throughout this Announcement, unless the context otherwise requires:

<b>Acquisition</b>	the proposed recommended cash acquisition by BidCo of the entire issued and to be issued share capital of ScS, to be implemented by way of the Scheme as described in this Announcement
<b>Announcement</b>	this announcement made pursuant to Rule 2.7 of the Code
<b>BidCo</b>	Cerezzola Limited, a private limited company incorporated in England and Wales with registered number 15175709
<b>Business Day</b>	a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London
<b>Closing Price</b>	the closing middle market quotation of a share derived from the Daily Official List of the London Stock Exchange
<b>Code</b>	the City Code on Takeovers and Mergers
<b>Companies Act</b>	the Companies Act 2006
<b>Conditions</b>	the conditions to the Acquisition set out in Part A of Appendix I and to be set out in the Scheme Document
<b>Confidentiality Agreement</b>	the confidentiality agreement between Poltronesofà and ScS dated 10 September 2023, as described in Section 12 of this Announcement
<b>Co-operation Agreement</b>	the co-operation agreement between Poltronesofà, BidCo and ScS dated 23 October 2023, as described in Section 12 of this Announcement
<b>Court</b>	the High Court of Justice in England and Wales
<b>Court Hearing</b>	the hearing of the Court at which ScS will seek the Court Order
<b>Court Meeting</b>	the meeting or meetings of ScS Shareholders to be convened by the Court pursuant to Part 26 of the Companies Act for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment approved or imposed by the Court and agreed to by BidCo and ScS) including any adjournment, postponement or reconvention of any such meeting, notice of which shall be contained in the Scheme Document

<b>Court Order</b>	the order of the Court sanctioning the Scheme under section 899 of the Companies Act
<b>CREST</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations)
<b>Disclosed</b>	the information which has been fairly disclosed: (i) in writing prior to the date of this Announcement by or on behalf of ScS to the Poltronosofà Group; (ii) in ScS's published annual or half year report and accounts for the relevant financial period or periods referred to in the relevant Condition and published prior to the date of this Announcement; (iii) in a public announcement by ScS prior to the date of this Announcement by way of any Regulatory Information Service; or (iv) in this Announcement
<b>Effective</b>	means: (i) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective in accordance with its terms; or (ii) if the Acquisition is implemented by way of an Offer, the Offer having been declared or become wholly unconditional in accordance with the requirements of the Code
<b>Effective Date</b>	the date on which the Acquisition becomes Effective
<b>Enlarged Group</b>	the Poltronosofà Group as enlarged by the ScS Group following completion of the Acquisition
<b>FCA</b>	the UK Financial Conduct Authority
<b>Forms of Proxy</b>	the forms of proxy in connection with each of the Court Meeting and the General Meeting, which shall accompany the Scheme Document
<b>FSMA</b>	the Financial Services and Markets Act 2000
<b>Goldman Sachs</b>	Goldman Sachs International, financial adviser to Poltronosofà
<b>Irrevocable Undertakings</b>	the irrevocable undertakings given by certain of the ScS Directors to vote in favour of the Scheme at the Court Meeting and the resolutions relating to the Acquisition at the ScS General Meeting, as detailed in Section 6 of this Announcement
<b>Listing Rules</b>	the listing rules made by the FCA under section 73A of FSMA
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Long Stop Date</b>	30 September 2024 or such later date as Poltronosofà and

ScS may agree

<b>Meetings</b>	the Court Meeting and the General Meeting
<b>Offer</b>	if the Acquisition is implemented by way of a takeover offer (as that term is defined in section 974 of the Companies Act), the offer to be made by or on behalf of BidCo, or an associated undertaking thereof, to acquire the entire issued and to be issued ordinary share capital of ScS including, where the context admits, any subsequent revision, variation, extension or renewal of such offer
<b>Offer Period</b>	<p>the period commencing on the date of this Announcement and ending on:</p> <ul style="list-style-type: none"><li>(a) the earlier of the date on which the Scheme becomes Effective or lapses or is withdrawn (or such other date as the Panel may decide); or</li><li>(b) the earlier of the date on which the Offer has become of has been declared unconditional as to acceptances or lapses or is withdrawn (or such other date as the Panel may decide),</li></ul> <p>in each case other than where such lapsing or withdrawal is a result of Poltronesofà exercising its right to implement the Acquisition by way of an Scheme</p>
<b>Official List</b>	the official list maintained by the FCA pursuant to Part 6 of FSMA
<b>Opening Position Disclosure</b>	an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to an offer if the person concerned has such a position, as defined in Rule 8 of the Code
<b>Panel</b>	the UK Panel on Takeovers and Mergers
<b>Permitted Dividend</b>	the final dividend in respect of the year ended 29 July 2023, of 10 pence per ScS Share
<b>Poltronesofà</b>	Poltronesofà S.p.A., a company incorporated in the Italian Republic with its registered office at Via Lunda n. 16, Crespellano 40053, Valsamoggia, Bologna, Italy
<b>Poltronesofà Board</b>	the board of directors of Poltronesofà
<b>Poltronesofà Directors</b>	the directors of Poltronesofà at the date of this Announcement or, where the context so requires, the directors of Poltronesofà from time to time
<b>Poltronesofà Group</b>	Poltronesofà and its subsidiary undertakings and associated undertakings
<b>Registrar of Companies</b>	the Registrar of Companies in England and Wales

<b>Regulatory Information Service</b>	a primary information provider (as defined in the FCA's Handbook of Rules and Guidance)
<b>Restricted Jurisdiction</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to ScS Shareholders in that jurisdiction
<b>Scheme</b>	the proposed scheme of arrangement under Part 26 of the Companies Act between ScS and ScS Shareholders to implement the Acquisition to be set out in the Scheme Document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Poltronosofà and ScS
<b>Scheme Document</b>	the document to be dispatched to ScS Shareholders including the particulars required by section 897 of the Companies Act
<b>Scheme Record Time</b>	the time and date to be specified as such in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately preceding the Effective Date, or such other time as Poltronosofà and ScS may agree
<b>ScS</b>	ScS Group plc, a public limited company incorporated in England and Wales with registered number 03263435.
<b>ScS Board</b>	the board of directors of ScS
<b>ScS Directors</b>	the directors of ScS as at the date of this Announcement or, where the context so requires, the directors of ScS from time to time
<b>ScS General Meeting</b>	the general meeting of ScS Shareholders (including any adjournment thereof) to be convened for the purpose of considering and, if thought fit, approving the shareholder resolutions necessary to enable ScS to implement the Acquisition, notice of which shall be contained in the Scheme Document
<b>ScS Group</b>	ScS and its subsidiary undertakings and associated undertakings
<b>ScS Share Schemes</b>	the ScS Long Term Incentive Plan; the CSOP sub-plan appended to the Long Term Incentive Plan and the ScS Share Incentive Plan
<b>ScS Shareholders</b>	the holders of ScS Shares from time to time
<b>ScS Shares</b>	the ordinary shares of £0.001 each in the capital of ScS
<b>significant interest</b>	a direct or indirect interest in 20 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act)

<b>Shore Capital</b>	Shore Capital and Corporate Limited and/or Shore Capital Stockbrokers Limited as the context admits, together being financial adviser and broker to ScS
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>UK MAR</b>	Regulation (EU) No 596/2014 of the European Parliament and the Council of 16 April 2014 (as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018)
<b>US or United States</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>Wider Poltronesofà Group</b>	Poltronesofà and its subsidiary undertakings, associated undertakings and any other undertaking in which Poltronesofà or such undertakings (aggregating their interests) have a significant interest (in each case, from time to time) but excluding the Wider ScS Group
<b>Wider ScS Group</b>	ScS and its subsidiary undertakings, associated undertakings and any other undertaking in which ScS or such undertakings (aggregating their interests) have a significant interest (in each case, from time to time) but excluding the Wider Poltronesofà Group

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All references to GBP, pence, Sterling, Pounds, Pounds Sterling, p or £ are to the lawful currency of the United Kingdom. All references to USD, \$, US\$, US dollars, United States dollars and cents are to the lawful currency of the United States of America.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, amended, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

All the times referred to in this Announcement are London times unless otherwise stated.

References to the singular include the plural and vice versa.

All references to “subsidiary”, “subsidiary undertaking”, “undertaking” and “associated undertaking” have the respective meanings given to them in the Companies Act.