

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. Part 2 (*Explanatory Statement*) of this document comprises an explanatory statement in compliance with section 897 of the Companies Act. This document relates to the Acquisition which, if implemented, will result in the cancellation of the admission to listing of ScS Shares on the premium segment of the Official List and to trading of ScS Shares on the Main Market of the London Stock Exchange. If you are in any doubt about the Acquisition or the contents of this document or what action you should take, you are recommended to seek your own personal financial, tax and legal advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

If you sell, or have sold or otherwise transferred all of your ScS Shares, please send this document, together with any accompanying documents (other than documents or forms personal to you) and reply-paid envelope (for use in the UK only), at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell, or have sold or otherwise transferred part of your holding of ScS Shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected. However, such documents should not be forwarded, distributed or transmitted (in whole or in part) in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws of that jurisdiction.

The Forms of Proxy are personalised. If you have recently purchased or been transferred ScS Shares, you should contact ScS's registrar, Equiniti, using the details set out below to obtain replacements for these documents.

The release, publication or distribution of this document and the accompanying documents in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession these documents come should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by law, ScS, BidCo and Poltronesofà disclaim any responsibility or liability for the violation of such restrictions by such persons.

Neither this document nor any of the accompanying documents are intended to, and they do not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful. This document is not a prospectus or a prospectus exempt document.

Recommended Cash Offer
for
ScS Group plc (“ScS”)
by
Cerezzola Limited (“BidCo”)

(a wholly-owned subsidiary of Poltronesofà S.p.A (“Poltronesofà”))

to be effected by means of a scheme of arrangement under Part 26 of the Companies Act 2006

ScS Shareholders should read carefully the whole of this document, any information incorporated by reference into this document and the accompanying Forms of Proxy (if applicable) as a whole. Your attention is drawn to the letter from the Chairman of ScS in Part 1 (*Letter from the Chairman of ScS*) of this document, which contains the unanimous recommendation of the ScS Directors that you vote in favour of the Scheme at the Court Meeting and in favour of the Resolution to be proposed at the General Meeting. A letter from Shore Capital explaining the Scheme in greater detail is set out in Part 2 (*Explanatory Statement*) of this document.

Capitalised words and phrases used in this document shall have the meanings given to them in Part 8 (*Definitions*) of this document.

Notices of the Court Meeting and the General Meeting, both of which are to be held at the offices of Ward Hadaway LLP, Sandgate House, 102 Quayside, Newcastle upon Tyne, NE1 3DX on 21 December 2023 at 10.30 a.m., are set out at the end of this document. The Court Meeting, unless postponed or adjourned, starts at 10.30 a.m. and the General Meeting will start at 10.45 a.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned).

The action to be taken by Scheme Shareholders in respect of the Court Meeting and ScS Shareholders in respect of the General Meeting is set out on page 21, at paragraph 13 (*Action to be taken*) of Part 1 (*Letter from the Chairman of ScS*) and on pages 37 to 38 at paragraph 19 (*Action to be taken*) of Part 2 (*Explanatory Statement*) of this document. Whether or not you intend to be present at the Court Meeting and/or the General Meeting, please complete and sign both Forms of Proxy accompanying this document, PINK for the Court Meeting and WHITE for the General Meeting, in accordance with the instructions set out in Part 10 (*Notice of Court Meeting*) and Part 11 (*Notice of General Meeting*) of this document and return them to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom as soon as possible and in any event so as to be received not later than 48 hours (excluding any part of a day that is not a Business Day) before the relevant meeting (or, in the case of any postponement or adjournment, not later than 48 hours (excluding any part of a day that is not a Business Day) before the time fixed for the holding of the postponed or adjourned meeting). For your convenience, a pre-paid envelope (for use in the UK only) has been provided with respect to the Forms of Proxy. Alternatively, the PINK Form of Proxy may also be e-mailed to proxyvotes@equiniti.com any time prior to the commencement of the Court Meeting or, in the case of the WHITE Form of Proxy for the General Meeting any time prior to the Voting Record Time. In the case of the General Meeting, unless the WHITE Form of Proxy is returned by the time

mentioned in the instructions printed on it, it will be invalid. Proxy appointments may also be submitted by ScS Shareholders who hold their ScS Shares in uncertificated form through CREST via the internet at www.sharevote.co.uk so that the appointment is received by no later than 10.30 a.m. for the Court Meeting and 10.45 a.m. for the General Meeting on 19 December 2023 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). ScS Shareholders who do not hold their ScS Shares through CREST will NOT be able to appoint proxies for the Court Meeting or the General Meeting through the CREST electronic proxy appointment service and should instead follow the instructions contained in the applicable Forms of Proxy. Alternatively, ScS Shareholders who have already registered with Equiniti's online portfolio service, Shareview, can appoint their proxy electronically by logging in to their portfolio at www.shareview.co.uk by using their usual user ID and password.

ScS Shareholders who wish to appoint a proxy must ONLY use the Forms of Proxy and are encouraged to appoint the Chair of the Court Meeting and the General Meeting as proxy to effect their votes. Proxy appointments submitted by any other means may not be accepted.

It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of opinion of Scheme Shareholders at the Court Meeting. At the Court Meeting, the Scheme must be approved by a majority in number of Scheme Shareholders representing not less than 75 per cent. in value of the Scheme Shares held by such Scheme 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.

Whether or not you intend to attend and/or vote at the Court Meeting and the General Meeting, you are strongly advised to sign and return your Forms of Proxy (by post or electronically) as soon as possible. The completion and return of the Forms of Proxy will not prevent you from attending, submitting written questions and/or any objections (in the case of the Court Meeting) and voting at the Court Meeting or the General Meeting, if you are entitled to and wish to do so.

If you have previously notified Equiniti that you wish to receive all documents in electronic format, a hard copy of this document (and any information incorporated into it by reference to another source) will not be sent to you unless a hard copy is requested in accordance with the procedure set out below.

You should read the rest of this document and if you are in any doubt as to the action you should take, you should consult an independent financial, legal and/or tax adviser. In making any investment decision you must rely on your own examination of the terms of the Scheme and the Acquisition, including the merits and risks involved. If you have any questions about this document, the Court Meeting or the General Meeting or how to complete the Forms of Proxy, please call the ScS Shareholder Helpline on +44 (0)371 384 2050. Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday (except English and Welsh public holidays). Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Please ensure the country code is used. Please note that calls are recorded for security and training purposes and the Shareholder Helpline operators cannot provide advice on the merits of the Scheme or the Acquisition, nor give financial, tax, investment or legal advice.

Disclaimers

Goldman Sachs, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as financial adviser to Poltronosofà and BidCo and no one else in connection with the Acquisition and will not be responsible to anyone other than Poltronosofà and BidCo for providing the protections afforded to clients of Goldman Sachs nor for providing advice in relation to the Acquisition or any other matters referred to in this document. Neither Goldman Sachs nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Goldman Sachs in connection with this document, any statement contained herein or otherwise.

Shore Capital, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as financial adviser to ScS and no one else in connection with the Acquisition and will not be responsible to anyone other than ScS for providing the protections afforded to clients of Shore Capital nor for providing advice in relation to the Acquisition or any other matter referred to in this document. Neither Shore Capital nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Shore Capital in connection with this document, any statement contained herein or otherwise.

IMPORTANT NOTICES

This document has been prepared in accordance with English law, the Code and the Listing Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside of the United Kingdom. The statements contained in this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the contents of this document, you should consult your own legal adviser, financial adviser or tax adviser for legal, business, financial or tax advice.

No person has been authorised to make any representations on behalf of ScS, Poltronosofà or BidCo concerning the Acquisition or the Scheme which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been so authorised.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of ScS except where otherwise expressly stated. None of ScS, Poltronosofà or BidCo intends, or undertakes any obligation, to update information contained in this document, except as required by applicable law, the Code or other regulation.

If the Scheme is approved at the Court Meeting and the Resolution is approved at the General Meeting, an application will be made to the London Stock Exchange for the ScS Shares to cease to be admitted to trading on the Main Market of the London Stock Exchange and to the FCA to cancel the listing of the ScS Shares on the premium segment of the Official List, in each case with effect from, or shortly following, the Effective Date.

Information for Overseas Shareholders

The release, publication or distribution of this document and the accompanying documents in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession such documents come should inform themselves about and observe such restrictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their ScS Shares with respect to the Scheme, or to execute and deliver Forms of Proxy appointing a proxy to vote on their behalf may be affected by the laws of the relevant jurisdiction in which they are located. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

Unless otherwise determined by BidCo and ScS or required by the Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document and all documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this document and all other documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction.

The availability of the Acquisition to ScS Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom, or who are subject to other jurisdictions, should inform themselves of, and observe, any applicable legal or regulatory requirements.

The Acquisition shall be subject to English law and the jurisdiction of the Court and to the applicable requirements of the Code, the Panel, the London Stock Exchange, the FCA, the Listing Rules and the Registrar of Companies.

Overseas Shareholders should refer to paragraph 17 (*Overseas Shareholders*) of Part 2 (*Explanatory Statement*) of this document.

Additional information for US investors

ScS Shareholders in the United States should note that the Acquisition relates to the shares of an English company with a listing on the Main Market and is proposed to be effected by means of a scheme of arrangement under English law. This document and certain other documents relating to the Acquisition have been or will be prepared in accordance with English law, the Code and UK disclosure requirements, format and style, all of which differ from those in the United States. A transaction effected by means 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 is subject to the disclosure requirements of and practices applicable in the United Kingdom to schemes of arrangement, which differ from the disclosure requirements of the United States tender offer and proxy solicitation rules. If, in the future, BidCo exercises the right to implement the Acquisition by way of a Takeover Offer and determines to extend the offer into the United States, such Takeover Offer will be made in compliance with applicable United States laws and regulations, including any applicable exemptions under the US Exchange Act.

The financial information of ScS that is included in, or incorporated by reference into, this document or that may be included in this document, or any other documents relating to the Acquisition, have been or will be prepared in accordance with accounting standards applicable in the United Kingdom and thus may not be comparable to financial information of companies in the United States or other companies whose financial statements are prepared in accordance with US generally accepted accounting principles ("**US GAAP**"). US GAAP differs in certain significant respects from accounting standards applicable in the United Kingdom. None of the financial information in this document has been audited in accordance with auditing standards generally accepted in the United States or the auditing standards of the Public Company Accounting Oversight Board (United States).

The receipt of cash pursuant to the Acquisition by a US holder as consideration for the transfer of its ScS Shares pursuant to the Acquisition will likely be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as foreign and other, tax laws. Each ScS Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to them.

It may be difficult for US holders of ScS Shares to enforce their rights and any claims arising out of the US federal securities laws, since BidCo, Poltronesofà and ScS are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

In accordance with normal UK market practice, and consistent with Rule 14e-5(b) of the US Exchange Act (to the extent applicable) BidCo, certain affiliated companies, their advisers, and their nominees or brokers (acting as agents), may make certain purchases of, or arrangements to purchase, shares in ScS outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or the Scheme becomes Effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made, they would occur either in the open market at prevailing prices or in private transactions at negotiated prices and comply with applicable law, including the US Exchange Act. Any information about such purchases or arrangements to purchase will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com.

Neither the United States Securities and Exchange Commission nor any US state securities commission nor any other US regulatory authority has approved or disapproved the Acquisition, passed any opinion upon the merits or fairness of the Acquisition or passed any opinion upon the accuracy, adequacy or completeness of this document. Any representation to the contrary is a criminal offence in the United States.

Forward-looking statements

This document (including information incorporated by reference in this document), oral statements made regarding the Acquisition, and other information published by BidCo, Poltronesofà, ScS, any member of the Wider Poltronesofà Group or any member of the Wider ScS Group may contain statements which are, or may be deemed to be, “forward-looking statements”. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this document include statements relating to the expected effects of the Acquisition on BidCo, Poltronesofà, ScS, any member of the Wider Poltronesofà Group or any member of the Wider ScS Group (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “prepares”, “plans”, “expects” or “does not expect”, “is expected”, “is subject to”, “budget”, “projects”, “synergy”, “strategy”, “scheduled”, “goal”, “estimates”, “forecasts”, “intends”, “cost-saving”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of BidCo’s, Poltronesofà’s, ScS’s, any member of the Wider Poltronesofà Group’s or any member of the Wider ScS Group’s operations and potential synergies resulting from the Acquisition; and (iii) the effects of global economic conditions and governmental regulation on BidCo’s, Poltronesofà’s, ScS’s, any member of the Wider Poltronesofà Group’s or any member of the Wider ScS Group’s business.

Although BidCo and ScS believe that the expectations reflected in such forward-looking statements are reasonable, these forward-looking statements are not guarantees of future performance and BidCo, Poltronesofà, ScS, the Wider Poltronesofà Group and the Wider ScS Group can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.

These factors include, but are not limited to, the ability to complete the Acquisition, the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions, changes in the global political, economic, business and competitive environments and in market and regulatory forces, changes in future exchange and interest rates, changes in tax rates, future business combinations or disposals, changes in general economic and business conditions, changes in the behaviour of other market participants, the anticipated benefits from the proposed Acquisition not being realised as a result of changes in general economic and market conditions in the countries in which BidCo, Poltronesofà, ScS, any member of the Wider Poltronesofà Group and/or any member of the Wider ScS Group operate, weak, volatile or illiquid capital and/or credit markets, changes in the degree of competition in the geographic and business areas in which BidCo, Poltronesofà, ScS, any member of the Wider Poltronesofà Group and/or any member of the Wider ScS Group operate, and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors.

None of BidCo, Poltronesofà, ScS, any member of the Wider Poltronesofà Group or any member of the Wider ScS Group, or any of their respective associates or directors, officers or advisers, provide any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. Given these risks and uncertainties, ScS Shareholders are cautioned not to place any reliance on these forward-looking statements.

Specifically, statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and

synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

Other than in accordance with their legal or regulatory obligations, none of BidCo, Poltronosofà, ScS, any member of the Wider Poltronosofà Group or any member of the Wider ScS Group is under any obligation, and each such person expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

No profit forecasts, profit estimates or quantified benefits statements

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

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. on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. on the 10th business day 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. on the business day 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 Takeover Panel's website at 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. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Rounding

Certain figures included in this document 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.

Publication on website

In accordance with Rule 26 of the Code, a copy of this document and the documents required to be published under Rule 26 of the Code, will be made available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on ScS's website at www.scsplc.co.uk/investors/offer-for-scs-group-plc/ and on Poltronesofa's website at www.poltronesofa-offer.com promptly and in any event by no later than 12 noon on the Business Day following the date of publication of this document. The contents of the websites referred to in this document are not incorporated into and do not form part of this document.

Requesting hard copies

In accordance with Rule 30.3 of the Code, ScS Shareholders, persons with information rights and participants of the ScS Share Schemes may request a hard copy of this document (and any information incorporated into this document by reference) free of charge by contacting ScS's registrar, Equiniti, either in writing to Corporate Actions, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom or by calling +44 (0)371 384 2050. Lines are open from 8.30 a.m. to 5.30 p.m. 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 that calls are recorded for security and training purposes and the Shareholder Helpline operators cannot provide advice on the merits of the Scheme or the Acquisition, nor give financial, tax, investment or legal advice. For persons who receive a copy of this document in electronic form or via a website notification, a hard copy of this document will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form.

Scheme process

In accordance with Rule 5 of Appendix 7 to the Code, ScS will announce through a Regulatory Information Service key events in the Scheme process including the outcomes of the ScS Shareholder Meetings and the Sanction Hearing.

Unless otherwise consented to by the Court and the Panel, any modification or revision to the Scheme will be made no later than the date which is 14 days prior to the ScS Shareholder Meetings (or any later date to which such ScS Shareholder Meetings are adjourned).

Information relating to ScS Shareholders

Please be aware that 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 BidCo during the Offer Period as required under Section 4 of Appendix 4 of the Code in order to comply with Rule 2.11(c) of the Code.

Date

This document is published on 29 November 2023.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times and dates are indicative only, are based on current expectations and are subject to change (including as a result of changes to the regulatory timetable). If any of the times and/or dates below change ScS will give notice of the revised times and/or dates by issuing an announcement through a Regulatory Information Service and, if required by the Panel, will post notice of the change(s) to ScS Shareholders and persons with information rights. Copies of any such announcements will be made available on ScS's website at www.scsplc.co.uk/investors/offer-for-scs-group-plc/.

<i>Event</i>	<i>Time/date</i>
Publication of this document	29 November 2023
Annual General Meeting of ScS	2.00 p.m. on 1 December 2023
Expected date of payment of the Permitted Dividend	15 December 2023 ⁽⁶⁾
Latest time for lodging Forms of Proxy for the:	
Court Meeting (PINK Form of Proxy)	10.30 a.m. on 19 December 2023 ^{(1) (8)}
General Meeting (WHITE Form of Proxy)	10.45 a.m. on 19 December 2023 ^{(2) (8)}
Voting Record Time	6.30 p.m. on 19 December 2023 ⁽³⁾
Court Meeting	10.30 a.m. on 21 December 2023
General Meeting	10.45 a.m. on 21 December 2023 ⁽⁴⁾

ScS and BidCo currently propose to proceed with the following dates and times associated with the Scheme. However, these dates and times are subject to change and will depend on, among other things, the date on which the Conditions to the Scheme are satisfied or, if capable of waiver, waived, and the date on which the Court sanctions the Scheme. Should any of these dates or times change, ScS will give adequate notice by issuing an announcement through a Regulatory Information Service, with such announcement being made available on ScS's website at www.scsplc.co.uk/investors/offer-for-scs-group-plc/. Further updates and changes to these times will be notified in the same way. See also note (5).

Sanction Hearing to sanction the Scheme	26 January 2024 ^{(5) (7)}
Last day of dealings in, and for registration of transfers of, and disablement in CREST of, ScS Shares	29 January 2024
Scheme Record Time	6.00 p.m. on 29 January 2024
Suspension of listing of and dealings in ScS Shares	By 7.30 a.m. on 30 January 2024
Effective Date	30 January 2024 ⁽⁸⁾
Cancellation of listing of ScS Shares	By 8.00 a.m. on 31 January 2024
Latest date for despatch of cheques / settlement through CREST	Within 14 days of the Effective Date
Latest date by which the Scheme must be implemented (Long Stop Date)	11.59 p.m. on 30 September 2024 ⁽⁹⁾

1. It is requested that PINK Forms of Proxy for the Court Meeting be lodged before 10.30 a.m. on 19 December 2023 or, if the Court Meeting is postponed or adjourned, not later than 48 hours (excluding any part of a day that is not a Business Day) before the time appointed for the holding of the postponed or adjourned meeting. PINK Forms of Proxy not so lodged may be alternatively e-mailed to proxyvotes@equiniti.com or handed to the Chair any time prior to the commencement of the Court Meeting (or any postponement or adjournment of it) and it will be valid.

2. WHITE Forms of Proxy for the General Meeting must be lodged before 10.45 a.m. on 19 December 2023 in order for them to be valid or, if the General Meeting is postponed or adjourned, not later than 48 hours (excluding any part of a day that is not a Business Day) before the time appointed for the holding of the postponed or adjourned meeting. The WHITE Form of Proxy cannot be handed to the Chair of the General Meeting or emailed and if the WHITE Form of Proxy is not returned by such time, it will be invalid.
3. If any of the ScS Shareholder Meetings are postponed or adjourned, the Voting Record Time will be 6.30 p.m. on the date which is 48 hours (excluding any part of a day that is not a Business Day) before the time fixed for any such postponed or adjourned meeting.
4. Or as soon thereafter as the Court Meeting has been concluded or adjourned.
5. These dates and times given are indicative only and will depend on, among other things, whether and when the Conditions are satisfied or (where applicable) waived and the dates upon which the Court sanctions the Scheme and a copy of the Court Order to sanction the Scheme is delivered to the Registrar of Companies. If the expected date of the Sanction Hearing is changed, ScS will give adequate notice of the changes by issuing an announcement through a Regulatory Information Service.
6. The Permitted Dividend, if approved by ScS Shareholders at the Annual General Meeting of ScS, will be paid to ScS Shareholders on the register of members of ScS on 17 November 2023.
7. Subject to the satisfaction or (if applicable) waiver of Conditions 2(a), 2(d) and 3 to 12 (inclusive) of Part A of Part 3 (*Conditions to and Further Terms of the Acquisition*) of this document.
8. Following sanction of the Scheme by the Court, the Scheme will become Effective in accordance with its terms upon a copy of the Court Order being delivered to the Registrar of Companies. This is presently expected to occur within two Business Days of receipt of the Court Order, subject to satisfaction or (where capable of waiver), waiver of the Conditions. ScS expects that subject to the satisfaction (or, where applicable, waiver) of the Conditions in Part 3 (*Conditions to and Further Terms of the Acquisition*) of this document, the Scheme will become Effective during Q1 2024.
9. This date may be extended to such date as ScS and BidCo may (with the consent of the Panel and, if required, the consent of the Court) agree.

All references in this document to times are to times in London (unless otherwise stated).

ACTION TO BE TAKEN

For the reasons set out in this document, 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 advice to the ScS Directors, Shore Capital have taken into account the commercial assessments of the ScS Directors. Shore Capital are providing independent financial advice to the ScS Directors for the purpose of Rule 3 of the Code.

Accordingly, the ScS Directors unanimously recommend that Scheme Shareholders vote in favour (or procure votes in favour) of the Scheme at the Court Meeting and ScS Shareholders vote in favour (or procure votes in favour) of the Resolution to be proposed at the General Meeting, as the ScS Directors who hold ScS Shares have each irrevocably undertaken to do (or procure to be done in respect of the holdings of certain persons connected with them) in respect of their own beneficial shareholdings in ScS and further recommend that ScS Shareholders take the action described below.

This section should be read in conjunction with the rest of this document and, in particular, paragraph 19 (*Action to be taken*) of Part 2 (*Explanatory Statement*) of this document and the notices of the Court Meeting and the General Meeting at the end of this document set out in Part 10 (*Notice of Court Meeting*) and Part 11 (*Notice of General Meeting*) of this document respectively.

1. Documents

Please check you have received the following with this document:

- a PINK Form of Proxy for use in respect of the Court Meeting at 10.30 a.m. on 21 December 2023;
- a WHITE Form of Proxy for use in respect of the General Meeting at 10.45 a.m. on 21 December 2023; and
- a pre-paid envelope (for use in the UK only) for the return of the PINK Form of Proxy, and the WHITE Form of Proxy.

If you have not received these documents (as applicable to you), please contact Equiniti on the Shareholder Helpline referred to below.

2. Voting at the Court Meeting and the General Meeting

The Acquisition requires approval by Scheme Shareholders of the Scheme at the Court Meeting and approval by ScS Shareholders of the Resolution at the General Meeting. The Court Meeting and the General Meeting will be held at the offices of Ward Hadaway LLP, on 21 December 2023 (unless postponed or adjourned) at 10.30 a.m. and 10.45 a.m., respectively (or, in the case of the General Meeting, as soon thereafter as the Court Meeting has been concluded or adjourned). The notices convening the Court Meeting and the General Meeting are set out at the end of this document.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of the opinion of Scheme Shareholders. You are therefore strongly urged to complete, sign and return your Forms of Proxy as soon as possible.

Therefore, whether or not you plan to attend the ScS Shareholder Meetings, please complete and sign both the enclosed PINK Form of Proxy and the WHITE Form of Proxy and return them in accordance with the instructions provided thereon as soon as possible, but in any event, so as to be received by:

- no later than 10.30 a.m. on 19 December 2023 in the case of the Court Meeting (PINK form); and
- no later than 10.45 a.m. on 19 December 2023 in the case of the General Meeting (WHITE form),

(or, in the case of any postponement or adjournment, not later than 48 hours (excluding any part of a day that is not a Business Day) before the time fixed for the holding of the postponed or adjourned meeting).

If you have not received all of these documents, please contact Equiniti on the Shareholder Helpline referred to on page 14 of this document.

ScS Shareholders entitled to attend, speak and vote at the ScS Shareholder Meetings are entitled to appoint a proxy (or proxies) to exercise all or any of their rights to attend, speak and vote at the ScS Shareholder Meetings. A proxy need not be an ScS Shareholder. ScS Shareholders who wish to appoint a proxy must **ONLY** use the Forms of Proxy and are encouraged to appoint the Chair of the Court Meeting and the General Meeting as proxy to effect their votes. Proxy appointments submitted by any other means may not be accepted.

3. Forms of Proxy for voting at the Court Meeting and General Meeting

If the PINK Form of Proxy in respect of the Court Meeting is not lodged by the above time, it may be e-mailed to proxyvotes@equiniti.com or handed to the Chair any time prior to the commencement of the Court Meeting and it will be valid. However, in the case of the General Meeting, unless the WHITE Form of Proxy is lodged so as to be received by 10.45 a.m. on 19 December 2023, it will be invalid. The completion and return of the Forms of Proxy will not prevent you from attending and voting at either the Court Meeting or the General Meeting, or any postponement or adjournment thereof, should you wish to vote in such a manner.

You are strongly advised to sign and return your PINK Form of Proxy (by post) for the Court Meeting and your WHITE Form of Proxy (by post) for the General Meeting as soon as possible. ScS Shareholders are strongly encouraged to appoint “the Chair of the Meeting” as their proxy for each meeting. The Chair of the relevant meeting will vote in accordance with the voting instructions of the appointing ScS Shareholder. If any other person is validly appointed as proxy, they will be permitted to attend, speak and vote at the ScS Shareholder Meetings (as applicable).

4. Appointment of proxies at the ScS Shareholder Meetings.

In order to be valid, a proxy appointment must be made by one of the following methods:

- by posting the completed and signed Forms of Proxy in hard copy form to Equiniti at the address shown on the Forms of Proxy; or
- by e-mailing the completed and signed Forms of Proxy to proxyvotes@equiniti.com.
- ScS Shareholders who would prefer to register the appointment of their proxy electronically via the internet can do so through the Sharevote website, www.sharevote.co.uk. Alternatively, ScS Shareholders who have already registered with Equiniti’s online portfolio service, Shareview, can appoint their proxy electronically by logging in to their portfolio at www.shareview.co.uk:
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice of Meeting; or
- in the case of institutional investors, you may be able to appoint a proxy electronically via the Proxymity platform at www.proxymity.io.

ScS Shareholders who do not hold their ScS Shares in uncertificated form through CREST will **NOT** be able to appoint proxies for the Court Meeting or the General Meeting through the CREST electronic proxy appointment service and should instead follow the instructions contained in the applicable Forms of Proxy and in this document.

The appointment of a proxy in each case must formally be received by Equiniti by no later than:

- 10.30 a.m. on 19 December 2023 in the case of the Court Meeting; and
- 10.45 a.m. on 19 December 2023 in the case of the General Meeting.

Forms of Proxy returned by fax will not be accepted.

The completion and return of the Forms of Proxy, or appointment of a proxy, will not prevent you from attending and voting at the Court Meeting and the General Meeting or any postponed or adjournment thereof, if you so wish and are so entitled.

Please see below for further details in respect of sending Forms of Proxy.

5. Further information on Forms of Proxy

Sending Forms of Proxy by post

Completed Forms of Proxy should be returned by post to Corporate Actions, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom. For your convenience, a pre-paid envelope (for use in the UK only) has been provided with respect to the Forms of Proxy.

Multiple proxy voting instructions

ScS Shareholders entitled to attend and vote at the Court Meeting and the General Meeting may appoint one or more proxies (who need not be ScS Shareholders) to exercise all or any of their rights to attend, speak and vote on their behalf. More than one proxy may be appointed provided that each proxy is appointed to exercise rights attached to different shares. If you wish to appoint multiple proxies, please tick the appropriate box on the Form of Proxy and indicate the number of shares to which each appointment relates. If you do not have the Forms of Proxy and believe that you should have them, or if you require additional Forms of Proxy, please contact the Shareholder Helpline on +44 (0)371 384 2050. Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday (except English and Welsh public holidays). Calls are charged at the standard geographical rate and will vary by provider. Alternatively, you may photocopy the enclosed Form(s) of Proxy.

Calls outside the United Kingdom will be charged at the applicable international rate. Please ensure the country code is used. Please note that calls are recorded for security and training purposes and the Shareholder Helpline operators cannot provide advice on the merits of the Scheme or the Acquisition, nor give financial, tax, investment or legal advice.

Nominated Persons

A copy of this document has been sent for information only to persons who have been nominated by a ScS Shareholder to enjoy information rights under section 146 of the Companies Act (a "**Nominated Person**").

The rights to appoint a proxy cannot be exercised by a Nominated Person; they can only be exercised by a ScS Shareholder. However, a Nominated Person may have a right under an agreement with the shareholder by whom they were nominated to be appointed as a proxy. If a Nominated Person does not have such a right or does not wish to exercise it, they may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights.

Change of proxy instruction

To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy Form of Proxy and would like to change the instructions using another hard copy Form of Proxy, please contact ScS's Registrars. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others. If ScS's Registrars are unable to determine which is last sent, the one which is last received shall be so treated. If ScS's Registrars are unable to determine either which is last sent or which is last received, none of them shall be treated as valid in respect of the relevant share(s).

Further information about proxies and voting

If you hold ScS Shares indirectly, you must rely on the procedures of the bank, broker, financial institution, share scheme administrator or share scheme nominee or other securities intermediary through which you hold ScS Shares. You should contact such intermediary for further instructions on how you can instruct that intermediary to vote on your behalf at the Court Meeting and the General Meeting and the date by which you must provide such instructions to the intermediary.

ScS Share Schemes

Participants of the ScS Share Schemes will be written to separately to inform them of the effect of the Scheme on their outstanding Awards and the action they may take.

Participants of the ScS Share Schemes should also refer to paragraph 9 (*ScS Share Schemes*) of Part 2 (*Explanatory Statement*) of this document for information relating to the effect of the Acquisition on their Awards.

6. Results of the ScS Shareholder Meetings

The results of the Court Meeting and the General Meeting will be announced through a Regulatory Information Service and also published on ScS's website at www.scsplc.co.uk/investors/offer-for-scs-group-plc/ once the votes have been counted and verified.

7. Shareholder Helpline

If you have not received all the relevant documents or have any questions relating to this document, the Court Meeting and/or the General Meeting, the completion and return of the Forms of Proxy or submitting your votes or proxies, please call the Shareholder Helpline, on +44 (0)371 384 2050. If calling from outside of the UK, please ensure the country code is used. The helpline is open between 8.30 a.m. and 5.30 p.m. Monday to Friday (except English and Welsh public holidays).

Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Please note that calls are recorded for security and training purposes and the Shareholder Helpline operators cannot provide advice on the merits of the Scheme or the Acquisition, nor give financial, tax, investment or legal advice.

8. General

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, including any ScS Shareholders who did not vote to approve the Scheme or who voted against the Scheme at the Court Meeting.

PART 1

LETTER FROM THE CHAIRMAN OF ScS



Alan Smith (Chairman)
Steve Carson (Chief Executive Officer)
Chris Muir (Executive Director)
Andrew Kemp (Non-Executive Director)
John Walden (Non-Executive Director)
Mark Fleetwood (Chief Financial Officer)
Carol Kavanagh (Non-Executive Director)
Angela Luger (Non-Executive Director)
Ron McMillan (Non-Executive Director)
Swarupa Pathakji (Non-Executive Director)

C/o A Share & Sons Limited
45-49 Villiers Street
Sunderland
SR1 1HA
Incorporated in England and Wales
with registered number 03263435

To all ScS Shareholders, and for information only, to participants of the ScS Share Schemes and persons with information rights.

Dear Shareholder

Recommended cash offer for ScS Group plc (“ScS”) by Cerezzola Limited (“BidCo”), a wholly-owned subsidiary of Poltronosofà S.p.A (“Poltronosofà”)

1. Introduction

On 24 October 2023, the boards of BidCo and ScS announced that they had reached agreement on the terms of a recommended cash acquisition under which BidCo will acquire the entire issued and to be issued ordinary share capital of ScS, to be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act, which requires the approval of the ScS Shareholders and the sanction of the Court (the “**Acquisition**”).

I am writing to you, on behalf of the ScS Board to explain the background to, and reasons for, the Acquisition and to describe the action you should now take. For the reasons set out below, the ScS Board supports the Acquisition and unanimously recommends that you vote in favour of the Scheme at the Court Meeting and in favour of the Resolution to be proposed at the General Meeting, as those ScS Directors who hold ScS Shares have each irrevocably undertaken to do (or procure to be done) in respect of their own beneficial holdings totalling 308,939 ScS Shares, representing in aggregate approximately 0.9 per cent. of ScS’s issued share capital, each as at the Latest Practicable Date.

2. Summary of terms of Acquisition

Under the terms of the Acquisition, which is subject to the Conditions and further terms set out in Part 3 (*Conditions to and Further Terms of the Acquisition*) of this document, ScS Shareholders who are on the register of members of ScS at 17 November 2023 and the Scheme Record Time will be entitled to receive **280 pence** for each ScS Share held (the “**Transaction Value**”), comprising for each ScS Share:

- 270 pence in cash (the “**Cash Offer**”); 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**”).

The Acquisition values the entire issued and to be issued share capital of ScS at approximately £99,255,534.

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 Business Day prior to the commencement of the Offer Period); 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 Business Day prior to the commencement of the Offer Period).

In ScS's audited financial results for the year ended 29 July 2023, which ScS announced on 25 October 2023, the ScS Directors announced 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 Offer 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. Further details are set out in paragraph 9 (*Dividends*) below.

The Acquisition is to be implemented by BidCo, a wholly-owned subsidiary undertaking of Poltronesofà, by way of a scheme of arrangement under Part 26 of the Companies Act, which requires the approval of ScS Shareholders and the sanction of the Court. Following completion of the Acquisition, ScS will be a wholly-owned, indirect subsidiary undertaking of Poltronesofà. Following completion of the Acquisition, BidCo intends to cancel the admission of the ScS Shares to listing on the premium segment of the Official List and to trading on the Main Market of the London Stock Exchange and re-register ScS as a private limited company.

If the Scheme becomes Effective, it will be binding on all ScS Shareholders irrespective of whether or not they attended or voted and, if they voted, whether they voted for or against the Scheme and the implementation of it, at the Court Meeting and/or the General Meeting.

The notices convening the Court Meeting and the General Meeting to approve the Scheme and the Acquisition for 21 December 2023 are set out at the end of this document.

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. Background to and reasons for the recommendation of the Acquisition

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 the 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 the 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.

5. Director Irrevocable Undertakings

BidCo has received irrevocable undertakings to vote (or, where applicable, procure voting) in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by a Takeover Offer, to accept or procure acceptance of such Takeover Offer) from all of the ScS Directors who hold ScS Shares, in respect of their own legal and/or beneficial holdings which are under their control (and those held by close relatives and related trusts), totalling 308,939 ScS Shares, as well as any further ScS Shares of which they may become the legal or beneficial holder (whether as a result of the vesting and/or exercise of Awards or otherwise). All the ScS Directors support the Acquisition, as set out in paragraph 15 (*Recommendation*).

The irrevocable undertakings given by the ScS Directors will remain binding in the event that a higher competing offer for ScS is made.

Further details of these irrevocable undertakings including the circumstances in which they cease to be binding, are set out in paragraph 5 (*Irrevocable commitments*) of Part 6 (*Additional Information*) of this document.

6. Management, employees, pensions, research and development and 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.

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 and management, existing rights and pension schemes

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, Poltronosofà 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.

De-listing and corporate governance

Prior to the Effective Date, it is intended that applications will be made to the London Stock Exchange to cancel the trading in ScS Shares on the London Stock Exchange's Main Market for listed securities and to the FCA to cancel the listing of ScS Shares from the premium segment of the Official List, in each case to take effect on or shortly after the Effective Date, as set out in paragraph 15 (*Cancellation of listing of ScS Shares*) of Part 2 (*Explanatory Statement*) of this document.

It is intended that ScS be re-registered as a private limited company on, or as soon as practicable following, the Effective Date.

Statements

None of the statements in this paragraph is a "post-offer undertaking" for the purposes of Rule 19.5 of the Code.

7. ScS Share Schemes

Information relating to the effect of the Acquisition on participants of the ScS Share Schemes is set out in paragraph 9 (*ScS Share Schemes*) of Part 2 (*Explanatory Statement*) of this document. ScS Share Scheme participants will be contacted separately in writing regarding the effect of the Acquisition on their outstanding Awards and the action they may take.

8. Bases of calculation and sources of information

In this document, unless otherwise stated or the context otherwise requires, the bases and sources used are as set out in Part 7 (*Sources of Information and Bases of Calculation*) of this document.

9. Dividends

In ScS's audited financial results for the year ended 29 July 2023, which ScS announced on 25 October 2023, the ScS Directors announced their intention 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.

If, on or after the date of the Announcement and before the Effective Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Scheme Shares (other than the Permitted Dividend), BidCo reserves the right (without prejudice to any of its other rights) to reduce the consideration payable by BidCo for the Scheme Shares by the aggregate amount of such dividend, distribution and/or return of capital so announced, declared or paid. Any exercise by BidCo of its

rights referred to in this clause will be the subject of an announcement and, for the avoidance of doubt, will not be regarded as constituting any revision or variation of the Scheme. Furthermore, BidCo reserves the right to reduce the consideration payable under the Scheme in such circumstances as are, and by such amount as is, permitted by the Panel.

10. The Scheme and the ScS Shareholder Meetings

It is intended that the Acquisition will be effected by means of a scheme of arrangement between ScS and its shareholders under Part 26 of the Companies Act (although BidCo reserves the right to effect the Acquisition by way of a Takeover Offer, subject to the Panel's consent and the terms of the Co-operation Agreement). The Scheme is an arrangement between ScS and the ScS Shareholders and is subject to the approval of the Court.

The purpose of the Scheme is to provide for BidCo to become the holder of the entire issued and to be issued ordinary share capital of ScS. This is to be achieved by the transfer of the ScS Shares to BidCo, in consideration for which the ScS Shareholders will receive the Transaction Value from BidCo on the basis set out in paragraph 2 (*Summary of the terms of the Acquisition*) above.

The Scheme will only become Effective if the following events occur on or before the Long Stop Date:

- the approval of the Scheme by a majority in number of the Scheme Shareholders who are present and voting (either in person or by proxy) at the Court Meeting and who represent not less than 75 per cent. in value of the ScS Shares held by Scheme Shareholders voted by those Scheme Shareholders;
- the Resolution necessary to implement the Scheme being duly passed by ScS Shareholders representing not less than 75 per cent. of votes cast at the General Meeting;
- the satisfaction or (where capable of waiver) waiver of the Conditions, including obtaining of the Regulatory Conditions and any other necessary regulatory and antitrust approvals;
- the sanction of the Scheme by the Court; and
- the delivery of a copy of the Court Order to the Registrar of Companies.

Upon the Scheme becoming Effective: (i) it will be binding on all ScS Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of ScS Shares will cease to be valid and entitlements to ScS Shares in CREST will be cancelled. The cash consideration payable to ScS Shareholders will be despatched by or on behalf of BidCo no later than 14 days after the Effective Date.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of opinion of the Scheme Shareholders. You are therefore urged to complete and return your Forms of Proxy as soon as possible.

In addition, the Scheme will require the approval of ScS Shareholders at the General Meeting, which will be held immediately after the Court Meeting. The General Meeting has been convened to consider and, if thought fit, to pass the Resolution (which requires a vote in favour of not less than 75 per cent. of the votes cast, whether in person or by proxy) to approve the implementation of the Scheme and the adoption of certain amendments to the ScS Articles.

Further details of the Scheme and the ScS Shareholder Meetings are set out in paragraph 7 (*Description of the Scheme and the ScS Shareholder Meetings*) of Part 2 (*Explanatory Statement*) of this document.

11. United Kingdom Taxation

A summary of certain United Kingdom taxation consequences of the implementation of the Scheme for ScS Shareholders is set out in Part 4 (*United Kingdom Taxation*) of this document. **This summary is intended as a general guide only and if you are in any doubt as to your tax position, or if you are subject to taxation in any jurisdiction other than the UK, you should consult an appropriately qualified independent professional tax adviser.**

12. Overseas Shareholders

Overseas Shareholders should refer to paragraph 17 (*Overseas Shareholders*) of Part 2 (*Explanatory Statement*) of this document.

13. Action to be taken

Notices convening each of the Court Meeting and the General Meeting are set out at the end of this document. You will find enclosed with this document a PINK Form of Proxy for use at the Court Meeting and a WHITE Form of Proxy for use at the General Meeting.

Whether or not you intend to be present at either the Court Meeting or the General Meeting, you are requested to complete and return both the enclosed Forms of Proxy for the Court Meeting (PINK) and for the General Meeting (WHITE) in accordance with the instructions printed on the forms as soon as possible.

In order to be valid, a proxy appointment must be made by one of the following methods:

- by posting the completed and signed Forms of Proxy in hard copy form to Equiniti at the address shown on the Forms of Proxy; or
- by e-mailing the completed and signed Forms of Proxy to proxyvotes@equiniti.com; or
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice of Meeting; or
- in the case of institutional investors, you may be able to appoint a proxy electronically via the Proximity platform at www.proximity.io.

ScS Shareholders who would prefer to register the appointment of their proxy electronically via the internet can do so through the Sharevote website, www.sharevote.co.uk. Alternatively, ScS Shareholders who have already registered with Equiniti's online portfolio service, Shareview, can appoint their proxy electronically by logging in to their portfolio at www.shareview.co.uk.

ScS Shareholders who do not hold their ScS Shares in uncertificated form through CREST will **NOT** be able to appoint proxies for the Court Meeting or the General Meeting through the CREST electronic proxy appointment service and should instead follow the instructions contained in the applicable Forms of Proxy and in this document.

Further details in relation to the action to be taken by ScS Shareholders is set out in paragraph 19 (*Action to be taken*) of Part 2 (*Explanatory Statement*) of this document.

14. Further Information

Your attention is drawn to the letter from Shore Capital set out in Part 2 (*Explanatory Statement*) of this document (being the explanatory statement made in compliance with section 897 of the Companies Act), the Conditions and further terms set out in Part 3 (*Conditions to and Further Terms of the Acquisition*) and Part 9 (*The Scheme of Arrangement*) of this document which give further details on the Acquisition and the Scheme. **Please note that reading the information in this letter is not a substitute for reading the remainder of this document and the accompanying Forms of Proxy.**

This document (and any information incorporated into it by reference to another source) and the Forms of Proxy will be available, subject to any restrictions relating to persons resident in Restricted Jurisdictions, on ScS's website at www.scsplc.co.uk/investors/offer-for-scs-group-plc/ and on Poltroneseofa's website at www.poltroneseofa-offer.com promptly and in any event by no later than 12 noon on the Business Day following the date of publication of this document. The contents of the websites referred to in this document are not incorporated into and do not form part of this document.

15. 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 their advice to the ScS Directors, Shore Capital has taken into account the commercial assessments of the ScS Directors. Shore Capital is providing independent financial advice to the ScS Directors for the purposes of Rule 3 of the Code.

Accordingly, the ScS Directors recommend unanimously that Scheme Shareholders vote in favour (or procure votes in favour) of the Scheme at the Court Meeting and ScS Shareholders vote in favour (or procure votes in favour) of the Resolution at the General Meeting as the ScS Directors who hold ScS Shares as at the date of the document have irrevocably undertaken to do (or procure to be done) in respect of their own beneficial holdings, amounting to 308,939 ScS Shares in aggregate, representing approximately 0.9 per cent. of ScS Shares entitled to vote at the Court Meeting and approximately 0.9 per cent. of the ordinary share capital of ScS as at the Latest Practicable Date.

Yours faithfully

Alan Smith

Chairman

PART 2

EXPLANATORY STATEMENT

(in compliance with section 897 of the Companies Act)



SHORE CAPITAL
CAPITAL MARKETS

29 November 2023

To all ScS Shareholders and, for information only, to participants of the ScS Share Schemes and persons with information rights

Dear Shareholder

**Recommended cash offer for ScS Group plc (“ScS”) by Cerezzola Limited (“BidCo”),
a wholly-owned subsidiary of Poltronosofà S.p.A (“Poltronosofà”)**

1. Introduction

On 24 October 2023, the ScS Board and the BidCo Board announced that they had reached agreement on the terms of a recommended cash offer by BidCo for the entire issued and to be issued ordinary share capital of ScS. The Acquisition is to be effected by means of a court-sanctioned scheme of arrangement of ScS under Part 26 of the Companies Act.

The ScS Board has been advised by Shore Capital in connection with the Acquisition. Shore Capital have been authorised by the ScS Board to write to you to explain the terms of the Acquisition and to provide you with other relevant information.

Your attention is drawn to the letter from the Chairman of ScS, Alan Smith, set out in Part 1 (*Letter from the Chairman of ScS*) of this document, which forms part of this Explanatory Statement. That letter contains, among other things, information on the background to and reasons for the Acquisition and the unanimous recommendation by the ScS Board to ScS Shareholders to vote in favour of the Scheme and the Resolution to approve and implement the Acquisition to be proposed at the ScS Shareholder Meetings.

Your attention is also drawn to Part 3 (Conditions to and Further Terms of the Acquisition), Part 5 (Financial Information and Ratings) and Part 6 (Additional Information) of this document. The Scheme is set out in full in Part 9 (The Scheme of Arrangement) of this document.

ScS Shareholders should read the whole of this document before deciding whether or not to vote in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting.

Statements made or referred to in this letter regarding the background to and reasons for the recommendation of the ScS Directors, information concerning the business of the ScS Group and/or intentions or expectations of or concerning the ScS Group prior to the completion of the Acquisition, reflect the views of the ScS Directors.

2. Summary of the terms of the Acquisition

The Acquisition is to be effected by way of a scheme of arrangement under Part 26 of the Companies Act, which requires the approval of ScS Shareholders and the sanction of the Court.

Under the terms of the Acquisition, which is subject to the Conditions and further terms set out in Part 3 (*Conditions to and Further Terms of the Acquisition*) of this document, ScS Shareholders who are on the register of members of ScS at 17 November 2023 and the Scheme Record Time will be entitled to receive **280 pence** for each ScS Share held (the “**Transaction Value**”), comprising for each ScS Share:

- **270 pence in cash (the “Cash Offer”); 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”).**

The Acquisition values the entire issued and to be issued share capital of ScS at approximately £99,255,534.

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 Business Day prior to the commencement of the Offer Period); 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 Business Day prior to the commencement of the Offer Period).

In ScS’s audited financial results for the year ended 29 July 2023, which ScS announced on 25 October 2023, the ScS Directors announced 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 Offer 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. Further details are set out in paragraph 10 (*Dividends*) below.

The Acquisition is to be implemented by BidCo, a wholly-owned subsidiary undertaking of Poltronosofà, by way of a scheme of arrangement under Part 26 of the Companies Act, which requires the approval of ScS Shareholders and the sanction of the Court. Following the Acquisition, ScS will be a wholly-owned, indirect subsidiary undertaking of Poltronosofà. Following completion of the Acquisition BidCo intends to cancel the admission of the ScS Shares to listing on the premium segment of the Official List and to trading on the Main Market of the London Stock Exchange and re-register ScS as a private limited company.

If the Scheme becomes Effective, it will be binding on all ScS Shareholders irrespective of whether or not they attended or voted and, if they voted, whether they voted for or against the Scheme and the implementation of it, at the Court Meeting and/or the General Meeting.

The notices convening the Court Meeting and the General Meeting to approve the Scheme and the Acquisition for 21 December 2023 are set out at the end of this document.

3. 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.

ScS 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.

4. ScS Current Trading and Prospects

ScS announced its audited preliminary results for the 52 weeks ended 29 July 2023 on 25 October 2023. In those results it stated the following in relation to recent trading:

- *Trading has toughened over the first quarter, with ScS like-for-like order intake growing 2.7 per cent. in August, 0.3 per cent. in September and declining 4.4 per cent. in October. Order intake was in line with the prior year for the 12 weeks to 21 October 2023.*
- *ScS opened a new standalone Snug store in Westfield London and seven further concessions in ScS stores.*
- *ScS planned investment in a further 12 ScS stores to adopt new format design.*
- *Resilient balance sheet, with forecasted cash of £57 million as at 31 October 2023.*

The last few weeks has seen the ScS Group continue to trade resiliently through a challenging period. Like-for-like order intake growth for the 17 weeks to 25 November 2023 is 3.6 per cent.

The ScS Board is preparing for the important winter sales trading period and, as always, its success will be a key factor in the results for the full year. Whilst mindful of the challenges of the current economic climate and trading remains difficult to predict, the ScS Board believes its strategy, cost management and robust balance sheet places the Wider ScS Group in a strong financial and operational position.

5. Information on BidCo and Poltronesofà

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 Forlì 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 per cent. 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 per cent. of the French market, despite having a store footprint that only services approximately 60 per cent. 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 sole director.

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. Mr. Renzo Ricci serves as BidCo's sole director.

6. Financial effects of the Acquisition on BidCo

BidCo is newly established for the purposes of the Acquisition and as such there is no financial information available or published in respect of BidCo. BidCo has no material assets or liabilities, in each case other than those described in this document in connection with the Acquisition. Following the Scheme becoming Effective, the earnings, assets and liabilities of BidCo will include the consolidated earnings, assets and liabilities of the Enlarged Group on the Effective Date. BidCo's ultimate holding company is Poltronesofà Holding S.r.l. There are no publicly available consolidated group accounts for Poltronesofà Holding S.r.l.

7. Description of the Scheme and the ScS Shareholder Meetings

(a) *The Scheme*

It is intended that the Acquisition will be effected by way of the Scheme. The Scheme is an arrangement between ScS and the Scheme Shareholders under Part 26 of the Companies Act. This involves an application by ScS to the Court to sanction the Scheme pursuant to which the ScS Shares will be transferred to BidCo, in consideration for which Scheme Shareholders on the register of members of ScS at the Scheme Record Time will receive the Transaction Value from BidCo on the basis set out in paragraph 2 (*Summary of the terms of the Acquisition*) of this Part 2 (*Explanatory Statement*).

Prior to the Scheme Record Time, ScS may issue and/or transfer ScS Shares to settle Awards that vest and/or are exercised in accordance with the rules of the applicable ScS Share Scheme. ScS will recommend to the trustee of the EBT that ScS Shares held in the EBT will be used to satisfy the vesting and exercise of Awards in connection with the Scheme in priority to the issue of new ScS Shares or the transfer of ScS Shares out of treasury. ScS will not issue any ScS Shares after the Scheme Record Time until the Scheme has become Effective.

The provisions of the Scheme are set out in full in Part 9 (*The Scheme of Arrangement*) of this document.

The implementation of the Scheme is subject to the Conditions and certain further terms set out in Part 3 (*Conditions to and Further Terms of the Acquisition*) of this document, and will only become Effective if, among other things, the following events occur on or before the Long Stop Date:

- the approval of the Scheme by a majority in number of the Scheme Shareholders who are present and voting (either in person or by proxy) at the Court Meeting and who represent at least 75 per cent. in value of the ScS Shares held by the Scheme Shareholders voted by those Scheme Shareholders;
- each of the Regulatory Conditions has been satisfied or waived;
- the Resolution required to implement the Scheme being duly passed by ScS Shareholders at the General Meeting representing at least 75 per cent. of the votes validly cast on the Resolution, either in person or by proxy;
- following the Court Meeting and the General Meeting, the Scheme is sanctioned by the Court (without modification, or with modification on terms agreed by BidCo and ScS); and
- following such sanction, a copy of the Court Order is delivered to the Registrar of Companies.

The Scheme will lapse if, among other things:

- the Court Meeting and the General Meeting are not held on or before the 22nd day after the expected date of those meetings as set out in this document (or such later date as may be agreed between BidCo and ScS, with the consent of the Panel and, if required, the Court);
- one or more of the Regulatory Conditions has not been satisfied (or is incapable of being satisfied) or waived prior to the Long Stop Date;
- the Sanction Hearing to approve the Scheme is not held on or before the 22nd day after the expected date of such hearing (or such later date as may be agreed between BidCo and ScS, with the consent of the Panel and, if required, the Court); or
- the Scheme does not become Effective on or before the Long Stop Date,

provided, however, that the deadlines for the Court Meeting, the General Meeting and the Sanction Hearing as set out above may be waived by BidCo and the deadline for the Scheme to become Effective may be extended by agreement between ScS and BidCo, with the consent of the Panel and, if required, the Court.

Once the necessary approvals from ScS Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived and the Scheme has been approved by the Court, the Scheme will become Effective upon delivery of the Court Order to the Registrar of Companies. Subject to the satisfaction (or, where applicable, waiver) of the Conditions and the further terms set out in Part 3 (*Conditions to and Further Terms of the Acquisition*) of this document, it is expected that the Scheme will become Effective during Q1 2024. The expected timetable of principal events for the Acquisition and the Scheme is set out on page 9 of this document.

Upon the Scheme becoming Effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) entitlements to ScS Shares held within the CREST system will be cancelled and such entitlements rematerialised; and (iii) share certificates in respect of ScS Shares will cease to be valid. The cash consideration payable to Scheme Shareholders will be despatched by or on behalf of BidCo no later than 14 days after the Effective Date.

Any ScS Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The Resolution to be proposed at the General Meeting will, among other matters, provide that the ScS Articles be amended to incorporate provisions requiring any ScS Shares issued at or after the Scheme Record Time (other than to BidCo and/or its nominees) to be automatically transferred to BidCo (and, where applicable, for the Cash Offer to be paid to the original recipient of the ScS Shares so issued) on the same terms as the Acquisition (other than terms as to timings and formalities). The provisions of the ScS Articles (as amended) will avoid any person (other than BidCo and its nominees) holding shares in the capital of ScS after the Effective Date.

If the Scheme does not become Effective on or before the Long Stop Date (or such later date as ScS and BidCo may, with the consent of the Panel, agree and, if required, the Court may approve), it will lapse and the Acquisition will not proceed.

The Scheme will be governed by the laws of England and Wales and will be subject to the jurisdiction of the courts of England and Wales. The Scheme will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the Listing Rules, the FCA and the Registrar of Companies.

The Scheme will extend to any ScS Shares issued or transferred pursuant to the vesting and/or exercise of Awards on or before the Scheme Record Time.

Further information in respect of the proposed amendments to the ScS Articles is contained in the Notice of General Meeting at Part 11 (*Notice of General Meeting*) of this document.

(b) **ScS Shareholder Meetings**

Court Meeting

The Acquisition is subject to the approval of Scheme Shareholders by the passing of a resolution at the Court Meeting. The Court Meeting has been convened with the permission of the Court for 10.30 a.m. on 21 December 2023.

At the Court Meeting, voting will be by poll and not a show of hands and each ScS Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held at the Voting Record Time. The resolution must be approved by a majority in number of the Scheme Shareholders present and voting (and entitled to vote), either in person or by proxy, representing not less than 75 per cent. in value of the ScS Shares voted by such Scheme Shareholders, at the Court Meeting. ScS Shares in which BidCo or another member of the Wider Poltronosofà Group is interested will not be eligible to be voted on the resolution at the Court Meeting to approve the Scheme and the Scheme will not apply to such ScS Shares.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of the opinion of Scheme Shareholders. You are therefore urged to complete and return your PINK Form of Proxy, as soon as possible. Appointing a proxy will not prevent you from attending, voting and speaking at the Court Meeting or any postponement or adjournment thereof, in person if you wish and are entitled to do so.

Scheme Shareholders are also strongly encouraged to appoint the Chair of the Court Meeting as their proxy rather than any other named person. This will ensure that your vote will be counted if you (or any other proxy you might otherwise appoint) are not able to attend the Court Meeting.

General Meeting

In addition, the Scheme will require the approval of ScS Shareholders at the General Meeting. The General Meeting has been convened for 10.45 a.m. on 21 December 2023 (or as soon as reasonably practicable thereafter as the Court Meeting shall have been concluded or adjourned) to consider and, if thought fit, to pass the Resolution to approve:

- the ScS Directors be so authorised to take all such action as they may consider necessary or appropriate for implementation of the Scheme; and
- the adoption of certain amendments to the ScS Articles as described in paragraph 7(d) (Amendment to the ScS Articles) below.

The Resolution will require votes in favour from ScS Shareholders representing at least 75 per cent. of the votes cast at the General Meeting either in person or by proxy. Voting on the Resolution will be by poll and not a show of hands. Each ScS Shareholder who is entered on the register of members of ScS at the Voting Record Time and is present in person or by proxy will be entitled to one vote for every ScS Share held.

The General Meeting is intended to be held immediately after the Court Meeting.

The quorum for the General Meeting will be two or more ScS Shareholders present in person or by proxy.

ScS will announce the details of the votes of the ScS Shareholder Meetings as required under the Code through a Regulatory Information Service as soon as practicable after the conclusion of those meetings and, in any event, by no later than 11.00 a.m. on the Business Day following those meetings.

You will find the notices of the Court Meeting and the General Meeting set out in Part 10 (Notice of Court Meeting) and Part 11 (Notice of General Meeting) at the end of this document.

Entitlement to vote at the ScS Shareholder Meetings

Entitlement to attend, speak and vote at the Court Meeting and the General Meeting and the number of votes which may be cast at the meetings will be determined by reference to the register of members of ScS at the Voting Record Time. Each Scheme Shareholder whose name appears on the register of members of ScS at 6.30 p.m. on 19 December 2023 or, if any of the ScS Shareholder Meetings are postponed or adjourned, 6.30 p.m. on the date which is 48 hours (excluding any part of a day that is not a Business Day) before the time fixed for any such postponed or adjourned meeting, will be entitled to attend and speak and vote on all the resolutions to be proposed at the Court Meeting and the General Meeting in respect of the number of ScS Shares registered in their name at the relevant time.

Each of the Court Meeting and the General Meeting are to be convened on 21 December 2023, as set in the respective notices of the meetings set out at the end of this document.

Each eligible ScS Shareholder is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of them. A proxy need not be a ScS Shareholder. However, ScS Shareholders are strongly encouraged to appoint “the Chair of the Meeting” as their proxy for each ScS Shareholder Meeting. The Chair of the relevant ScS Shareholder Meeting may make any arrangement and impose any requirement or restriction they consider appropriate to ensure the security of the relevant Meeting. Any other person appointed as proxy will be able to attend, speak and vote at the Court Meeting and the General Meeting (as applicable).

The completion and return of a Form of Proxy, by e-mail, post or electronically via the internet, CREST or the Proximity platform will not prevent you from attending, speaking and voting at the Court Meeting or the General Meeting, or any postponement or adjournment thereof.

If you are in any doubt as to whether or not you are permitted to vote at the ScS Shareholder Meetings (including by appointing a proxy), please contact the Shareholder Helpline on +44 (0)371 384 2050. Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday (except English and Welsh public holidays). Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Please ensure the country code is used. Please note that calls are recorded for security and training purposes and the Shareholder Helpline operators cannot provide advice on the merits of the Scheme or the Acquisition, nor give financial, tax, investment or legal advice.

(c) **Sanction Hearing to sanction the Scheme**

Under the Companies Act, the Scheme requires the sanction of the Court. The Sanction Hearing to sanction the Scheme is currently expected to take place during Q1 2024, subject to the prior satisfaction or waiver (if applicable) of the Conditions. ScS will give notice of the date and time of the Sanction Hearing, once known, by issuing an announcement through a Regulatory Information Service. The Sanction Hearing is expected to be held at The Royal Courts of Justice, The Rolls Buildings, Fetter Lane, London, EC4A 1NL. However, the Sanction Hearing may be held remotely.

All ScS Shareholders are entitled to attend the Sanction Hearing in person or through counsel to support or oppose the sanctioning of the Scheme.

As soon as possible following the Sanction Hearing, ScS and/or BidCo will make an announcement through a Regulatory Information Service stating the decision of the Court and details of whether the Scheme will proceed or has lapsed.

Following the sanction of the Scheme by the Court, the Scheme will become Effective as soon as a copy of the Court Order has been delivered to the Registrar of Companies. This is currently expected to occur within two Business Days of receipt of the Court Order, subject to satisfaction (or, where applicable, waiver) of the Conditions. It is intended that ScS will be re-registered as a private limited company as soon as possible following this time.

ScS and/or BidCo will make an announcement through a Regulatory Information Service as soon as practicable following the Scheme becoming Effective.

If the Scheme becomes Effective, it will be binding on all ScS Shareholders, including any ScS Shareholders who did not vote to approve the Scheme or who voted against the Scheme at the Court Meeting.

Unless the Scheme becomes Effective by the Long Stop Date, the Scheme will not become Effective and the Acquisition will not proceed.

(d) ***Amendment to the ScS Articles***

The Resolution contains provisions to amend the ScS Articles to ensure that any ScS Shares issued or transferred (other than to BidCo, any subsidiary of BidCo or its nominee(s)): (i) on or after the Voting Record Time and prior to the Scheme Record Time will be subject to and bound by the Scheme; and (ii) at or after the Scheme Record Time will automatically be acquired by BidCo (and/or its nominee(s)) on the same terms as Scheme Shares under the Scheme. These provisions will avoid any person (other than a member of the Wider Poltronesofà Group) holding ScS Shares after dealings in ScS Shares have ceased on the London Stock Exchange. For the avoidance of doubt, any ScS Shares issued after 17 November 2023 shall not be entitled to receive the Permitted Dividend.

The full text of the Resolution is set out in the notice of General Meeting contained in Part 11 (*Notice of General Meeting*) of this document.

(e) ***Modifications to the Scheme***

The Scheme contains a provision for ScS and BidCo to consent on behalf of all persons concerned to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or additions to, or impose a condition to the Scheme which might be material to the interests of the Scheme Shareholders unless Scheme Shareholders were informed of such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in these circumstances.

In accordance with the Code, except with the consent of the Panel, modifications or revisions to the Scheme may only be made: (i) no less than 14 days prior to the date of the ScS Shareholder Meetings (or any later date to which such meetings are postponed or adjourned); or (ii) at a later date, with the consent of the Panel.

(f) ***Conditions***

The Scheme is subject to the Conditions, which are summarised at paragraph 13 (*Conditions to the Acquisition*) below and are set out in Part 3 (*Conditions to and Further Terms of the Acquisition*) of this document.

(g) ***Alternative means of implementing the Acquisition***

BidCo has reserved the right to elect (with the consent of the Panel, and subject to the terms of the Co-operation Agreement) to implement the Acquisition by way of a Takeover Offer for the entire issued and to be issued ordinary share capital of ScS as an alternative to the Scheme, in which case additional documents will be required to be sent to ScS Shareholders. In such event, the Takeover Offer will (unless otherwise agreed) be implemented on substantially the same terms, so far as applicable and subject to the Co-operation Agreement, as those which would apply to the Scheme, subject to appropriate amendments to reflect, among other things, the change in the method of effecting the Acquisition including, without limitation, an acceptance condition set at 90 per cent. of the ScS Shares to which

the Takeover Offer relates (or such lesser percentage as BidCo may decide after, to the extent necessary, consultation with the Panel, being in any case more than 50 per cent. of the voting rights attaching to ScS Shares, the inclusion of a long stop date on which the Takeover Offer will cease to proceed, will lapse or will be withdrawn in certain circumstances, and those amendments required by, or deemed appropriate by, BidCo under applicable law). In the event that the Acquisition is implemented by way of a Takeover Offer, the acceptance condition shall not be capable of being satisfied until all of the other conditions to the Takeover Offer have either been satisfied or (if capable of waiver) waived. The Panel will determine the offer timetable that will apply following any switch to a Takeover Offer to which it consents. BidCo must announce a switch to a Takeover Offer through a Regulatory Information Service.

If the Acquisition is implemented by way of a Takeover Offer and such Takeover Offer becomes or is declared unconditional in all respects and sufficient acceptances of such Takeover Offer are received, it is the intention of BidCo to (i) make a request to the FCA to cancel the listing of the ScS Shares from the premium segment of the Official List; (ii) make a request to the London Stock Exchange to cancel trading in ScS Shares on its Main Market for listed securities; and (iii) exercise its rights, if available, to apply the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily any remaining ScS Shares in respect of which the Takeover Offer has not been accepted.

8. ScS Directors and the effect of the Scheme on their interests

Details of the interests of the ScS Directors in ScS Shares are set out in paragraph 4 (*Interests and Dealings*) of Part 6 (*Additional Information*) of this document.

The ScS Directors who hold ScS Shares have each irrevocably undertaken to vote in favour of the Scheme in respect of their own beneficial shareholdings in ScS as described in paragraph 5 (*Director Irrevocable Undertakings*) of Part 1 (*Letter from the Chairman of ScS*) and paragraph 5 (*Irrevocable commitments*) of Part 6 (*Additional Information*) of this document.

Key particulars of the service contracts (including termination provisions) and letters of appointment of the ScS Directors are set out in paragraph 8 (*Service Contracts and Remuneration*) of Part 6 (*Additional Information*) of this document. As participants of the ScS Share Schemes, ScS Directors who hold outstanding Awards will be treated in the same way as the other participants in the ScS Share Schemes holding outstanding Awards, as set out in paragraph 9 (*ScS Share Schemes*) of Part 2 (*Explanatory Statement*).

Save as set out in this document, the effect of the Scheme on the interests of the ScS Directors does not differ from the effect of the Scheme on the like interests of other persons.

9. ScS Share Schemes

Outstanding Awards which are not already exercisable, will become exercisable following the Court's sanction of the Scheme, subject to their terms and in accordance with the rules of the applicable ScS Share Scheme. The ScS Remuneration Committee has resolved that, in connection with the Scheme: (i) Awards granted under the Long Term Incentive Plan will vest (to the extent not already vested) on the Court Sanction Date to the extent determined by the ScS Remuneration Committee, in accordance with the rules of the Long Term Incentive Plan, and will lapse on the expiry of the period of six months following the Court Sanction Date to the extent not exercised as at that date; and (ii) the outstanding Award under the CSOP Sub-Plan which is already exercisable will lapse on the expiry of the period of 20 days following the Court Sanction Date to the extent not exercised as at that date. ScS Shares held in the SIP Trust on behalf of participants of the Share Incentive Plan, will participate in the Scheme on the same terms as all other holders of ScS Shares.

The holders of Awards will receive letters explaining the effect of the Scheme on their Awards and the action they may take. Poltronsofà will make proposals to holders of Awards in accordance with Rule 15 of the Code. In summary, holders of Awards under the Long Term Incentive Plan and CSOP Sub-Plan will be invited to exercise their Awards in advance of and conditionally on sanction of the Scheme by the Court (unless their subsisting Awards have already vested, in which case the Award holders can exercise their Awards as soon as they wish). ScS Shares held in the SIP Trust on behalf of participants of the Share Incentive Plan, will participate in the Scheme on the same terms as all other holders of ScS Shares.

All ScS Shares issued or transferred at or prior to the Scheme Record Time pursuant to the vesting and/or exercise of the Awards will be subject to the terms of the Scheme in the same way as ScS Shares held by other Scheme Shareholders at that time.

An amendment to the ScS Articles is being proposed at the General Meeting to the effect that, if the Scheme becomes Effective, any ScS Shares issued or transferred after the Scheme Record Time pursuant to the exercise of Awards, will be automatically acquired by BidCo in exchange for the Cash Offer being paid to the Award holder for each ScS Share subject to their exercised Award, on the same terms as the Acquisition (other than terms as to timings and formalities), as further described in paragraph 7(d) (*Amendment to the ScS Articles*) of Part 2 (*Explanatory Statement*).

10. Dividends

In ScS's audited financial results for the year ended 29 July 2023, which ScS announced on 25 October 2023, the ScS Directors announced 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. For the avoidance of doubt, any ScS Shares issued after 17 November 2023 shall not be entitled to receive the Permitted Dividend.

If, on or after the date of the Announcement and before the Effective Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Scheme Shares (other than the Permitted Dividend), BidCo reserves the right (without prejudice to any of its other rights) to reduce the consideration payable by BidCo for the Scheme Shares by the aggregate amount of such dividend, distribution and/or return of capital so announced, declared or paid. Any exercise by BidCo of its rights referred to in this paragraph 10 (*Dividends*) will be the subject of an announcement and, for the avoidance of doubt, will not be regarded as constituting any revision or variation of the Scheme. Furthermore, BidCo reserves the right to reduce the consideration payable under the Scheme in such circumstances as are, and by such amount as is, permitted by the Panel.

11. ScS Pension Schemes

ScS operates defined contribution pension scheme arrangements. The Enlarged Group does not intend to make any changes 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. ScS does not sponsor or maintain a defined benefit pension scheme.

12. Financing in connection with the Acquisition

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

13. Conditions to the Acquisition

The Scheme is subject to the Conditions, including, among other things:

- (a) the Scheme becoming Effective by the Long Stop Date;
- (b) the approval of the Scheme at the Court Meeting and the Resolution at the General Meeting;
- (c) the obtaining of the Regulatory Conditions;
- (d) the sanction of the Scheme by the Court; and
- (e) the delivery of a copy of the Court Order to the Registrar of Companies.

The Acquisition can only become Effective if all Conditions, including those described above, have been satisfied or, if capable of waiver, waived. Where the Acquisition is being implemented by way of the Scheme, the Conditions relating to the approval of the Scheme by Scheme Shareholders at the Court Meeting, the passing of the Resolution by ScS Shareholders at the General Meeting, the sanction of the Scheme by the Court and the delivery or registration of the Court Order with the Registrar of Companies are not capable of being waived in whole or in part. If any Condition is not capable of being satisfied by the date specified therein, BidCo shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by no later than 8.00 a.m. on the Business Day following the date so specified, stating

whether BidCo has invoked that Condition, waived that Condition or, with the agreement of ScS, specified a new date by which that Condition must be satisfied.

The Regulatory Conditions have been included following specific negotiation between the parties and they could be invoked by BidCo with the consent of the Panel if the necessary clearances are not obtained. ScS and BidCo do not intend to implement the Acquisition without each of the Regulatory Conditions having been satisfied and ScS Shareholders should note that BidCo intends to seek the Panel's consent to invoke any of the Regulatory Conditions if they have not been satisfied or become incapable of being satisfied prior to the Long Stop Date. BidCo's intentions in this regard have been discussed with ScS which shares BidCo's views of the material impact of such circumstances. ScS intends to support any request by BidCo to seek the consent of the Panel to invoke any of the Regulatory Conditions should these circumstances arise.

Further details of the Conditions are set out in Part 3 (*Conditions to and Further Terms of the Acquisition*) of this document.

14. Offer-related arrangements

(a) Confidentiality Agreement

Poltronesofà and ScS entered into the Confidentiality Agreement on 10 September 2023, pursuant to which Poltronesofà 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 Poltronesofà or ScS not to proceed with the Acquisition and shall terminate 24 months after the termination of discussions between Poltronesofà and ScS.

(b) Co-operation Agreement

Poltronesofà, 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 Part 3 (*Conditions to and further terms of the Acquisition*) of this document by the Long Stop Date; (ii) co-operate in relation to the provision of certain information for the purposes of this document and for BidCo to otherwise assist ScS with the preparation of this document; and (iii) co-operate in implementing certain employee-related matters in relation to the ScS Share Schemes and the ScS Bonus Plan.

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.

15. Cancellation of listing of ScS Shares

The last day of dealings in ScS Shares on the London Stock Exchange's Main Market is currently expected to be close of business on the Business Day immediately following the Sanction Hearing and no transfers of ScS Shares will be registered after 6.00 p.m. on that day (other than the registration of ScS Shares issued to satisfy Awards that are subsequently exercised under the ScS Share Schemes and other than to BidCo (or as BidCo may direct) pursuant to the ScS Articles, as proposed to be amended by the Resolution at the General Meeting). It is intended that ScS will make an application to the London Stock Exchange for the suspension of dealings in ScS Shares on the London Stock Exchange's Main Market with effect from 7.30 a.m. on the second Business Day following the Sanction Hearing.

Prior to the Effective Date, it is intended that ScS will make an application to the FCA for the listing of the ScS Shares on the premium segment of the Official List to be cancelled and to the London Stock Exchange for the ScS Shares to cease to be admitted to trading on the London Stock Exchange's Main Market for listed securities. Such cancellation in each case is expected to take effect on the Business Day after the Effective Date. At this time, share certificates in respect of ScS Shares will cease to be valid and entitlements

to ScS Shares held within the CREST system will be cancelled. ScS Shareholders shall be required to return share certificates to ScS or destroy them following the Effective Date.

BidCo intends, as soon as reasonably practicable following the Effective Date, to re-register ScS as a private company under the relevant provisions of the Companies Act.

16. Settlement of Cash Offer under the Scheme and payment of the Permitted Dividend

(a) Settlement of cash consideration

Subject to the Scheme becoming Effective, the settlement of the cash consideration to ScS Shareholders on the register of members of ScS at the Scheme Record Time will be effected in the following manner.

Scheme Shares in uncertificated form (that is, in CREST)

Where, at the Scheme Record Time, a Scheme Shareholder holds ScS Shares in uncertificated form, except with the consent of the Panel, settlement of the cash consideration to which such Scheme Shareholder is entitled will be paid through CREST by BidCo in pounds sterling as soon as practicable after the Effective Date (and in any event within 14 calendar days or within such other time period as may be approved by the Panel) after the Effective Date, in accordance with the CREST payment arrangements in favour of the appropriate CREST account through which the Scheme Shareholder holds such uncertificated ScS Shares in respect of the cash consideration due to them.

As from the Scheme Record Time, each holding of ScS Shares credited to any stock account in CREST will be disabled and all ScS Shares will be removed from CREST in due course.

BidCo reserves the right to pay all, or any part of, the cash consideration referred to above to all or any Scheme Shareholder(s) who hold ScS Shares in uncertificated form in the manner referred to in the subparagraph below (Scheme Shares in certificated form) if, for any reason, it wishes to do so or if, for any reason, it is not able to effect settlement in accordance with this sub-paragraph.

Scheme Shares in certificated form (that is, not in CREST)

Where, at the Scheme Record Time, a Scheme Shareholder holds such ScS Shares in certificated form, settlement of the cash consideration due pursuant to the Scheme will be effected as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date, by way of cheque.

All cheques will be in pounds sterling drawn on the branch of a clearing bank in the United Kingdom.

Cheques in respect of cash consideration will be despatched by first class post or international standard post, if overseas, (or by such other method as may be approved by the Panel) by Equiniti on behalf of BidCo as soon as practicable (and in any event within 14 calendar days or within such other time period as may be approved by the Panel) after the Effective Date. Cheques will be sent to Scheme Shareholders at the address appearing in ScS's register of members at the Scheme Record Time or, in the case of the joint holders, to the holder whose name appears first in such register in respect of the joint holding concerned. ScS Shareholders who are recorded in the books of ScS's Registrars as "gone away" will not have their cheque issued until they contact Equiniti for security reasons. The encashment of any cheque as is referred to in this paragraph shall be a complete discharge for the monies represented by it.

If any Scheme Shareholders have not encashed their respective cheques within six months of the Effective Date, Equiniti as Receiving Agent will procure that the cash consideration due to such Scheme Shareholders under the Scheme shall be held on trust for such Scheme Shareholders for a period of 12 years from the Effective Date solely for the purpose of satisfying payment obligations under the Scheme, and such Scheme Shareholders may claim the consideration due to them by written notice to Equiniti in a form which ScS reasonably determines evidences their entitlement to such consideration at any time during the period of 12 years from the Effective Date.

On the Effective Date, each certificate representing a holding of ScS Shares subject to the Scheme will cease to be valid. Following settlement of the consideration to which a Scheme Shareholder is entitled under the Scheme, Scheme Shareholders will be bound on the request of ScS either: (i) to destroy such ScS Share certificates; or (ii) to return such ScS Share certificates to ScS, or to any person appointed by ScS, for cancellation.

Scheme Shares held by participants of the ScS Share Schemes

In the case of ScS Scheme Shares subject to Awards that vest and/or are exercised prior to the Scheme Record Time, settlement of the cash consideration to which the relevant Scheme Shareholder is entitled, will be paid by BidCo to ScS (or as the Company may direct) by such method as may be agreed between BidCo and ScS in pounds sterling as soon as practicable after the Effective Date (and in any event within 14 calendar days or within such other time period as may be approved by the Panel) of the Effective Date. ScS shall procure that payments of the cash consideration received on Scheme Shareholders' behalf are then made to the relevant Scheme Shareholders via payroll as soon as practicable following receipt of the cash consideration by ScS, subject to the deduction of any applicable income taxes and social security contributions which ScS or any member of the ScS Group is required to account for to the relevant tax authority. For the avoidance of doubt, any payments made by ScS to the relevant Scheme Shareholders pursuant to these arrangements shall be effected reasonably promptly following receipt of the cash consideration by ScS but are not required to be effected within 14 days calendar days after the Effective Date.

General

None of ScS, BidCo, Poltronosofà nor any of their nominees or respective agents will be responsible for any loss or delay in the transmission of cash consideration sent in any manner described above, and such cash consideration will be sent at the risk of the person entitled to it.

Save with the consent of the Panel, settlement of the cash consideration to which any Scheme Shareholder is due under the Scheme will be implemented in full in accordance with the terms set out in this Part 2 (*Explanatory Statement*) without regard to any lien, right of set off, counterclaim or analogous right to which BidCo may otherwise be, or claim to be, entitled against any Scheme Shareholder.

(b) *Payment of the Permitted Dividend*

Payment of the Permitted Dividend to ScS Shareholders (whether they hold their ScS Shares in certified or uncertificated form) on the register of members of ScS at the 17 November 2023 will be effected in the following manner:

- (i) by way of an electronic payment to the account indicated in the standard Electronic Payment Mandate, if the relevant ScS Shareholder has set up a standing Electronic Payment Mandate with ScS's Registrars for the purpose of receiving dividend payments;
- (ii) by first class post (or international standard post, if overseas), by cheque drawn on a branch of a UK clearing bank; or
- (iii) by such other method as may be approved by the Panel and the Court.

All such cash payments will be made in Pounds sterling. Payments made by cheque will be payable to the ScS Shareholder(s) concerned or, in the case of joint holders, to the joint holder whose name stands first in the register of members of ScS in respect of such joint holding. Cheques, and electronic payments, will be despatched no later than 15 December 2023 to the person(s) entitled to them at the addresses as appearing in the register of members of ScS at the Scheme Record Time. None of ScS, BidCo, any nominee(s) of BidCo or any of their respective agents shall be responsible for any loss or delay in the transmission of cheques sent in this way and such cheques shall be sent at the risk of the persons entitled to them. The encashment of any cheque, and making of electronic payments, in each case, as is referred to in this paragraph shall be a complete discharge for the monies represented by it.

17. Overseas Shareholders

The release, publication or distribution of this document and the accompanying documents in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document and any accompanying documents come should inform themselves about, and observe, any applicable restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of such jurisdictions. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

Unless otherwise determined by BidCo and ScS or required by the Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or form from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document, the accompanying documents and any other documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this document, the accompanying documents and any other documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction.

The implications of the Acquisition for persons resident in, or citizens of, jurisdictions outside the United Kingdom may be affected by the laws of the relevant jurisdictions. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder to satisfy itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

18. Additional information for US Investors

The Acquisition relates to the shares of a UK company and is being made by means of a scheme of arrangement provided for under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the US Exchange Act and is exempt from the registration requirements of the US Securities Act. Accordingly, the Acquisition will be subject to disclosure requirements and practices applicable in the UK and to schemes of arrangement under the laws of England and Wales, which are different from the disclosure and other requirements applicable to a US tender offer. Neither the SEC, nor any securities commission of any state of the United States has approved or disapproved any offer, or comment upon the adequacy or completeness of any of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

Financial information relating to ScS included in this document has been or will have been prepared in accordance with accounting standards applicable in the United Kingdom that may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of cash consideration pursuant to the Cash Offer by a US holder of ScS Shares as consideration for the transfer of its Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each US holder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to them.

It may be difficult for US holders of ScS Shares to enforce their rights and any claims they may have arising under US Federal securities laws in connection with the Acquisition, since ScS is organised under the laws of a country other than the United States, and some or all of its officers and directors may be residents of countries other than the United States, and most of the assets of ScS are located outside of the United States. US holders of ScS Shares may not be able to sue a non-US company or its officers or directors in

a non-US court for violations of US Federal securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's jurisdiction or judgment.

The Acquisition may, in the circumstances provided for in this document, instead be carried out by way of a Takeover Offer under the laws of England and Wales. If BidCo exercises, with the consent of the Takeover Panel and subject to the terms of the Co-operation Agreement, its right to implement the Acquisition by way of a Takeover Offer, such Takeover Offer will be made in compliance with applicable US tender offer and US Federal securities laws and regulations, including the exemptions therefrom. In accordance with normal UK practice and pursuant to rule 14e-5(b) of the US Exchange Act, BidCo or its nominees, or its brokers (acting as agents), may, from time to time, make certain purchases of, or arrangements to purchase, ScS Shares outside of the United States, other than pursuant to the Acquisition, until the date on which the Acquisition becomes Effective, lapses or is otherwise withdrawn, in compliance with applicable law, including the US Exchange Act. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed, as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com.

19. Action to be taken

Please check you have received the following with this document:

- a PINK Form of Proxy for use in respect of the Court Meeting at 10.30 a.m. on 21 December 2023;
- a WHITE Form of Proxy for use in respect of the General Meeting at 10.45 a.m. on 21 December 2023; and
- a pre-paid envelope (for use in the UK only) for the return of the PINK Form of Proxy, and the WHITE Form of Proxy.

ScS Shareholders who do not hold their ScS Shares in uncertificated form through CREST will **NOT** be able to appoint proxies for the Court Meeting or the General Meeting through the CREST electronic proxy appointment service and should instead follow the instructions contained in the applicable Forms of Proxy and in this document.

If you have not received any of these documents (as applicable to you), please contact Equiniti on the Shareholder Helpline referred to below.

Voting at the Court Meeting and General Meeting

Whether or not you plan to attend both or either of the Court Meeting or the General Meeting, please complete and sign the accompanying Forms of Proxy and return them in accordance with the instructions printed thereon as soon as possible but, in any event, so as to be received by ScS's Registrars, at Corporate Actions, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom by no later than:

- 10.30 a.m. on 19 December 2023 in the case of the Court Meeting (PINK form); and
- 10.45 a.m. on 19 December 2023 in the case of the General Meeting (WHITE form),

(or, in the case of a postponement or an adjournment of the Court Meeting or the General Meeting, not later than 48 hours (excluding any part of a day that is not a Business Day) before the time and date set for the postponed or adjourned meeting). Forms of Proxy sent by fax only will not be valid. Alternatively, the PINK Form of Proxy for the Court Meeting may be e-mailed to proxyvotes@equiniti.com any time prior to the commencement of the Court Meeting or, in the case of the WHITE Form of Proxy for the General Meeting, before the Voting Record Time.

If the PINK Form of Proxy in respect of the Court Meeting is not lodged by the applicable time above, a copy of the completed and signed PINK Form of Proxy may be e-mailed to proxyvotes@equiniti.com or handed to the Chair of the relevant Court Meeting any time prior to the commencement of the Court Meeting and it will still be valid. However, in the case of the General Meeting, unless the WHITE Form of Proxy is lodged so as to be received by 10.45 a.m. on 19 December 2023, it will be invalid. The completion and return of the Forms of Proxy will not prevent you from attending and voting at either the Court Meeting or

the General Meeting, or any postponement or adjournment thereof, should you wish to vote in such a manner.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Scheme Shareholder opinion.

You are therefore strongly urged to sign and return your Forms of Proxy, or appoint a proxy as soon as possible, whether or not you intend to attend the ScS Shareholder Meetings.

Completed Forms of Proxy should be returned by post to Corporate Actions, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom. For your convenience, a pre-paid envelope (for use in the UK only) has been provided with respect to the Forms of Proxy.

ScS Shareholders entitled to attend and vote at the Court Meeting and the General Meeting may appoint one or more proxies (who need not be ScS Shareholders) to exercise all or any of their rights to attend, speak and vote on their behalf. More than one proxy may be appointed provided that each proxy is appointed to exercise rights attached to different shares. If you wish to appoint multiple proxies, please tick the appropriate box on the Form of Proxy and indicate the number of shares to which each appointment relates. Alternatively, you may photocopy the enclosed Form(s) of Proxy.

Shareholder helpline

If you have any questions relating to completion and return of the Forms of Proxy, please call the Shareholder Helpline on +44 (0)371 384 2050. Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday (except English and Welsh public holidays). Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Please ensure the country code is used. Please note that calls are recorded for security and training purposes and the Shareholder Helpline operators cannot provide advice on the merits of the Scheme or the Acquisition, nor give financial, tax, investment or legal advice.

20. Further Information

The terms of the Scheme are set out in full in Part 9 (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the further information contained in, or incorporated by reference into, this document, all of which forms part of this Explanatory Statement, and in particular to the Conditions set out in Part 3 (*Conditions to and Further Terms of the Acquisition*) of this document and the additional information set out in Part 6 (*Additional Information*) of this document.

Yours faithfully

Patrick Castle
For and on behalf of
Shore Capital and Corporate Limited

PART 3

CONDITIONS TO AND FURTHER TERMS OF THE ACQUISITION

PART A:

Conditions to the Acquisition Long Stop Date

1. The Acquisition is conditional upon the Scheme becoming unconditional and being Effective, subject to the provisions of the Code, by no later than the Long Stop Date.

Scheme approval

2. The Scheme will be conditional upon:
 - (a) its approval by a majority in number representing not less than 75 per cent. in value of the Scheme 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;
 - (b) 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 (or such later date, if any, as Poltronesofà and ScS may agree and the Court may allow);
 - (c) the Resolution 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;
 - (d) the General Meeting or any adjournment of that meeting being held on or before the 22nd day after the expected date of the General Meeting (or such later date, if any, as Poltronesofà and ScS may agree and the Court may allow);
 - (e) 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
 - (f) the Sanction Hearing being held on or before the 22nd day after the expected date of the Sanction Hearing (or such later date, if any, as Poltronesofà and ScS may agree and the Court may allow).

Other Conditions

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

3. 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:
 - (a) 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;
 - (b) 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 Poltronesofà; or
 - (c) 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

4. 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 Poltronesofà 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 Poltronesofà Group.
5. 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:
 - (a) require, prevent or materially delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Poltronesofà 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 Poltronesofà Group or Wider ScS Group taken as a whole;
 - (b) require, prevent or materially delay, or materially alter the terms envisaged for, any proposed divestiture by any member of the Wider Poltronesofà Group of any shares or other securities in ScS;
 - (c) 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;
 - (d) 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;
 - (e) 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;
 - (f) 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;
 - (g) 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
 - (h) 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.

6. In addition to the competition law and regulatory approvals referred to in Condition 3 to 5 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.

7. 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):
- (a) 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;
 - (b) 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;
 - (c) 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;
 - (d) 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;
 - (e) 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;
 - (f) the value of any such member or its financial or trading position or prospects being prejudiced or adversely affected;
 - (g) any such member ceasing to be able to carry on business under any name under which it presently does so;
 - (h) 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
 - (i) 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 sub-paragraphs (a) to (i) of this Condition 7, 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

8. Except as Disclosed, no member of the Wider ScS Group having, since 30 July 2022:
- (a) 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;
 - (b) 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;
 - (c) save for the Permitted Dividend, 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;
 - (d) 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;
 - (e) save for intra-ScS Group transactions, made or authorised or proposed or announced an intention to propose any material change in its loan capital;
 - (f) 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);
 - (g) 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 8(a) above, made any other change to any part of its share capital;
 - (h) 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;
 - (i) 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;
 - (j) (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;
 - (k) 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;
 - (l) 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 8(l) and which is material in the context of the Wider ScS Group taken as a whole;

- (m) having made or agreed or consented to any significant change to:
 - (i) 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;
 - (ii) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;
 - (iii) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
 - (iv) 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;
- (n) 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
- (o) 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

9. Except as Disclosed, since 30 July 2022:

- (a) 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;
- (b) 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;
- (c) 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;
- (d) 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
- (e) 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

10. Except as Disclosed, Poltronosofà not having discovered:

- (a) 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
- (b) 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.

11. Except as Disclosed, Poltronesofà not having discovered that:
- (a) 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
 - (b) 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.

Anti-corruption, sanctions and criminal property

12. Save as Disclosed, Poltronesofà not having discovered that:
- (a) 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;
 - (b) 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);
 - (c) 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
 - (d) no member of the ScS Group being engaged in any transaction which would cause Poltronesofà 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), 2(c) and 2(e) (*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 certain further terms set out in Part D below, and to the full terms and conditions which are set out in the Scheme Document.
3. Conditions 2(a), 2(c) and 3 to 6 (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 Sanction Hearing, failing which the Acquisition will lapse. BidCo shall be under no obligation to waive or treat as satisfied any of Condition 3 to 6 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, Poltroneseofà 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.

PART 4

UNITED KINGDOM TAXATION

The following statements do not constitute tax advice and are intended as a general guide only to the UK tax position under current UK legislation and published HM Revenue & Customs (“HMRC”) practice as at the date of this document, both of which are subject to change at any time, possibly with retrospective effect.

The statements in Section 1 below deal only with the position of ScS Shareholders who are resident (and, in the case of individuals only, domiciled) solely in the UK for tax purposes and who hold their ScS Shares as an investment and who are the absolute beneficial owners of the ScS Shares and of all dividends of any kind paid in respect of them. They do not apply to certain categories of Scheme Shareholders, such as dealers in securities or distributions, persons who have or are deemed to have acquired their ScS Shares by reason of their or another’s employment, persons who hold their ScS Shares as part of hedging or conversion transactions, persons who hold their ScS Shares in connection with a UK branch, agency or permanent establishment, persons who hold their ScS Shares by virtue of an interest in any partnership, collective investment scheme, insurance company, life assurance company, mutual company, or to ScS members or persons who hold their ScS Shares in a personal equity plan or individual savings account. It should be noted that these ScS Shareholders may incur liabilities to UK tax on a different basis to that described below. Nothing in these paragraphs should be taken as personal tax advice.

Special tax provisions may apply to ScS Shareholders who have acquired or who acquire their ScS Shares on the release, vesting and/or exercise of their Awards pursuant to the ScS Share Schemes, including provisions imposing a charge to income tax and social security contributions. The separate communications that will be sent to the participants of the ScS Share Schemes will summarise the tax treatment of the acquisition of their ScS Shares on the release, vesting and/or exercise of their Awards in connection with the Scheme and their subsequent disposal pursuant to the Scheme. The summary below does not apply to such ScS Shareholders and such ScS Shareholders are advised to seek independent professional advice.

ScS Shareholders who are in any doubt about their taxation position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

1. UK taxation in respect of the Cash Offer

Chargeable gains – general

Liability to UK taxation on chargeable gains will depend on the individual circumstances of each ScS Shareholder.

The receipt by a ScS Shareholder of the cash consideration under the Scheme pursuant to the Cash Offer will constitute a disposal of their ScS Shares for the purposes of UK taxation of chargeable gains which may, depending on the ScS Shareholder’s individual circumstances (including the availability of exemptions, reliefs and/or allowable losses), give rise to a liability to UK taxation on chargeable gains or an allowable loss.

Chargeable gains – income tax payers

For ScS Shareholders who are individuals, capital gains tax is currently charged at a rate of either 10 per cent. or 20 per cent. of the chargeable gain depending on the total amount of the individual’s taxable income in the tax year in which the disposal is made. The capital gains annual exemption (which is £6,000 for 2023/2024) may also be available to offset some or all of any chargeable gain (to the extent it is not otherwise utilised).

If an individual is only temporarily resident outside the UK for capital gains tax purposes at the date of disposal of his or her ScS Shares, the individual could, in the tax year in which he or she becomes resident for tax purposes in the UK again, be liable to UK tax on any chargeable gains arising, as though they were realised in the tax year of return.

It is the responsibility of each ScS Shareholder to notify HMRC of any capital gains tax liability and account for it to HMRC – it is not calculated or accounted for by ScS or an employing entity. Scheme Shareholders will need to submit a self-assessment tax return and pay any tax on gains by 31 January 2025. If the ScS Shareholder is not registered for self-assessment, registration will be necessary by 5 October 2024 in time to make a return.

Chargeable gains – corporation tax payers

For ScS Shareholders within the charge to UK corporation tax (but which do not qualify for the substantial shareholdings exemption in respect of their ScS Shares), corporation tax is payable on any chargeable gains at the rate applicable to the company. Indexation allowance may be available where the ScS Shares were acquired prior to 31 December 2017 in respect of the period of ownership of the ScS Shares up to and including 31 December 2017 to reduce any chargeable gain arising (but not to create or increase any allowable loss) on the disposal of a company's ScS Shares.

The substantial shareholding exemption may apply to exempt from UK corporation tax any gain arising to ScS Shareholders within the charge to UK corporation tax where a number of conditions are satisfied, including that the relevant ScS Shareholder (together with certain associated companies) has held not less than 10 per cent. of the issued ordinary share capital of the company for a continuous period of at least one year beginning not more than six years prior to the date of disposal.

Permitted Dividend – income tax payers

The Permitted Dividend is treated as a dividend for tax purposes. Dividends are taxable as income in the UK to the extent that the dividends received exceed the tax-free dividend allowance. The tax-free dividend allowance for the 2023/24 tax year is £1,000.

The tax to pay depends on the ScS Shareholder's applicable income tax band. For basic rate taxpayers, dividends are taxable at 8.75 per cent. For higher rate taxpayers, dividends are taxed at 33.75 per cent. For additional rate taxpayers, dividends are taxed at 39.35 per cent. (based on 2023/24 rates).

Permitted Dividend – corporation tax payers

The Permitted Dividend is treated as a dividend for corporation tax purposes. Dividends received by a UK resident company are subject to corporation tax unless the distribution falls within one of a number of exemptions. The exemptions are broadly drafted, and the general effect of the rules is to exempt all distributions from corporation tax unless they fall within certain anti-avoidance rules. The exemptions differ according to whether the recipient is a "small" company or otherwise, but there is limited practical difference. However, there are two exceptions to the exemptions: if the payment relates to interest from non-commercial securities and special securities; and if the distribution is treated as deductible under the law of any territory outside of the UK. On the assumption the Permitted Dividend is paid in respect of ordinary share capital, we would expect the dividend to be exempt in the hands of any UK resident corporate shareholders. However, the specific provisions of the various exemptions would need to be considered by each individual recipient.

2. UK stamp duty and SDRT

No UK stamp duty or SDRT will be payable by ScS Shareholders on the transfer of their Scheme Shares under the Scheme.

PART 5

FINANCIAL INFORMATION AND RATINGS

Part A: Financial information incorporated by reference relating to the ScS Group

The following sets out the financial information in respect of ScS as required by Rule 24.3(e) of the Code. The documents referred to below are incorporated into this document by reference pursuant to Rule 24.15 of the Code:

- the audited consolidated interim financial statements of ScS for the financial year ended 29 July 2023 are set out on pages 133 to 161 in the 2023 Annual Report available from ScS's website at www.scsplc.co.uk/investors/reports-and-presentations/;
- the audited consolidated financial statements of ScS for the financial year ended 30 July 2022 are set out on pages 109 to 136 (both inclusive) in the 2022 ScS Annual Report available from www.scsplc.co.uk/investors/reports-and-presentations/; and
- the audited consolidated financial statements of ScS for the financial year ended 31 July 2021 are set out on pages 106 to 135 (both inclusive) in the 2021 ScS Annual Report available from ScS's website at www.scsplc.co.uk/investors/reports-and-presentations/.

Part B: ScS ratings and outlook information

As at the Latest Practicable Date, there were no current ratings publicly accorded to ScS by ratings agencies.

Part C: Financial information relating to BidCo and the BidCo Group

As BidCo was incorporated on 29 September 2023 for the purpose of effecting the Acquisition, no financial information is available or has been published in respect of BidCo. BidCo has not traded since its date of incorporation, nor has it paid dividends or entered into any obligations or engaged in any activities other than in connection with the Acquisition.

BidCo's ultimate holding company is Poltronesofà Holding S.r.l. There is no financial information in respect of BidCo or the BidCo Group which is required by Rule 24.3(a).

Part D: BidCo and BidCo Group ratings and outlook information

As at the Latest Practicable Date, and immediately prior to the date of the Rule 2.7 Announcement, there were no current ratings or outlooks publicly accorded to BidCo or any other member of the BidCo Group by any ratings agencies.

Part E: No incorporation of website information

Save as expressly referred to herein, neither the content of the websites referred to in this document, nor the content of any website accessible from hyperlinks on such websites, is incorporated into, or forms part of, this document.

PART 6

ADDITIONAL INFORMATION

1. Responsibility

- (a) The ScS Directors, whose names are set out in paragraph 2(a) below, accept responsibility for the information contained in this document (including any expressions of opinion) other than the information for which responsibility is taken by the BidCo Director pursuant to paragraph 1(b) below. To the best of the knowledge and belief of the ScS Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The BidCo Director, whose name is set out in paragraphs 2(b) and 2(c) respectively below, accepts responsibility for all the information contained in this document (including any expressions of opinion) relating to BidCo, Poltronesofà, the Wider Poltronesofà Group, the Poltronesofà Responsible Person and the BidCo Director, his immediate family, related trusts and persons connected with him (including persons deemed to be acting in concert with BidCo or any of them (as such term is defined in the Code)), including, without limitation, statements of intention or opinion of BidCo (together the “**BidCo Information**”). To the best of the knowledge and belief of the Poltronesofà Responsible Person and the BidCo Director (who has taken all reasonable care to ensure that such is the case), the BidCo Information is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors and responsible persons

- (a) The ScS Directors and their positions in ScS are as follows:

<i>Name</i>	<i>Position</i>
Alan Smith	<i>Chairman</i>
Steve Carson	<i>Chief Executive Officer</i>
Chris Muir	<i>Executive Director</i>
Andrew Kemp	<i>Non-Executive Director</i>
John Walden	<i>Non-Executive Director</i>
Mark Fleetwood	<i>Chief Financial Officer</i>
Carol Kavanagh	<i>Non-Executive Director</i>
Angela Luger	<i>Non-Executive Director</i>
Ron McMillan	<i>Non-Executive Director</i>
Swarupa Pathakji	<i>Non-Executive Director</i>

The registered office of ScS is c/o, A Share & Sons Limited, 45-49 Villiers Street, Sunderland, SR1 1HA and the business address of each ScS Director is c/o, 45-49, Villiers Street, Sunderland, SR1 1HA. The Company Secretary of ScS is Richard Butts.

- (b) The Poltronesofà Responsible Person and his position with respect to Poltronesofà is as follows:

<i>Name</i>	<i>Position</i>
Renzo Ricci	<i>Sole Director</i>

The registered office of Poltronesofà and the business address of the Poltronesofà Responsible Person is Via Lunga n. 16, Crespellano 40053, Valsamoggia, Bologna, Italy.

- (c) The BidCo Director and his position in BidCo is as follows:

<i>Name</i>	<i>Position</i>
Renzo Ricci	<i>Sole Director</i>

The registered office of BidCo and the business address of the BidCo Director is c/o Skadden, Arps, Slate, Meagher & Flom (UK) LLP, 22 Bishopsgate, London, EC2N 4BQ United Kingdom.

3. Market Quotation

Set out below are the Closing Prices of ScS Shares taken from the Daily Official List on:

- (a) the first dealing day in each of the six months immediately before the date of this document;
- (b) 23 October 2023 (the last dealing day before the commencement of the Offer Period); and
- (c) 28 November 2023 (the Latest Practicable Date);

<i>Date</i>	<i>ScS Share Price (pence)</i>
31 May 2023	159.75
30 June 2023	153.0
31 July 2023	170.0
31 August 2023	164.75
29 September 2023	171.25
23 October 2023 (last dealing day before the commencement of the Offer Period)	169.0
31 October 2023	271.0
28 November 2023 (Latest Practicable Date)	258.0

4. Interest and Dealings

For the purposes of this paragraph 4 (*Interests and Dealings*):

“**acting in concert**” has the meaning given to it the Code;

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

“**close relative**” has the meaning given to it in the Code;

“**connected advisers**” includes an organisation which: (i) is advising BidCo or (as the case may be) ScS in relation to the Acquisition; (ii) is corporate broker to BidCo or (as the case may be) ScS; (iii) is advising a person acting in concert with BidCo or (as the case may be) ScS in relation to the Acquisition or in relation to the matter which is the reason for that person being a member of the concert party; or (iv) is advising a relevant company in relation to the Acquisition;

“**control**” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights (as defined in the Code) attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give *de facto* control;

“**dealing**” has the meaning given to it in the Code and “**dealt**” has the corresponding meaning;

“**derivative**” has the meaning given to it in the Code and includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

“**disclosure period**” means the period commencing on 24 October 2022 (the date twelve months prior to the commencement of the Offer Period) and ending on the Latest Practicable Date;

“**interests**” in relevant securities has the meaning given to the term “**interests in securities**” in the Code;

“**relevant securities**” includes: (i) ScS Shares and any other securities of ScS conferring voting rights; (ii) equity share capital of ScS or, as the context requires, BidCo; and (iii) securities of ScS or, as the context requires, BidCo, carrying conversion or subscription rights into any of the foregoing; and

“**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under the derivative, any agreement to sell or any delivery obligations or right to require another person to purchase or take delivery.

(a) **Persons acting in concert with BidCo**

In addition to the BidCo Director and the Poltronesofà Responsible Person (together with his close relatives and related trusts) and members of the Wider Poltronesofà Group, the persons who are acting in concert with BidCo for the purposes of the Acquisition and which are required to be disclosed are:

<i>Name</i>	<i>Registered Office</i>	<i>Relationship with BidCo</i>
Poltronesofà Holding S.r.l.	Canossa (re) Via Val d'Enza Nord 145 CAP 42100	Parent company of Poltronesofà
Goldman Sachs International	Plumtree Court, 25 Shoe Lane, London EC4A 4AU	Financial adviser

(b) **Persons acting in concert with ScS**

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

<i>Name</i>	<i>Registered Office</i>	<i>Relationship with ScS</i>
Shore Capital and Corporate Limited	Cassini House, 57 St James's Street, London SW1A 1LD	Financial Adviser
Shore Capital Stockbrokers Limited	Cassini House, 57 St James's Street, London SW1A 1LD	Broker

(c) **Interests in Relevant Securities of ScS**

ScS Directors

- i. As at the Latest Practicable Date, the interests, rights to subscribe and short positions of the ScS Directors (and their close relatives and related trusts) in relevant securities of ScS (apart from the Awards which are described at (ii) below) were as follows:

<i>Name</i>	<i>Number of ScS Shares</i>	<i>% of ScS's existing share capital</i>	<i>Nature of interest or rights concerned</i>
Alan Smith	18,096	0.1	Ordinary shares
Steve Carson	75,000	0.2	Ordinary shares
Chris Muir	215,843	0.6	Ordinary shares
TOTAL	<u>308,939</u>	<u>0.9</u>	

- ii. As at the Latest Practicable Date, the ScS Directors held the following outstanding Awards over ScS Shares under the ScS Share Schemes

<i>Director</i>	<i>Number of ScS Shares</i>	<i>ScS Share Scheme</i>	<i>Date of Award</i>	<i>Form of Award</i>	<i>Vesting date</i>
Steve Carson	223,797	ScS Group plc Long Term Incentive Plan	18/10/2021	Nil-cost option	18/10/2024
	348,955	ScS Group plc Long Term Incentive Plan	21/04/2023	Nil-cost option	21/04/2026
Chris Muir	179,038	ScS Group plc Long Term Incentive Plan	18/10/2021	Nil-cost option	18/10/2024
	279,164	ScS Group plc Long Term Incentive Plan	21/04/2023	Nil-cost option	21/04/2026
TOTAL	<u>1,030,954</u>				

Persons acting in concert with ScS

- iii. *As at the Latest Practicable Date, the interests, rights to subscribe and short positions of the persons acting in concert with ScS (other than the ScS Directors (and their close relatives and related trusts)) in relevant securities of ScS (apart from the Awards which are described at (iv) below) were as follows:*

<i>Name</i>	<i>Number of ScS Shares</i>	<i>% of ScS's existing share capital</i>	<i>Nature of interest or rights concerned</i>
N/A	N/A	N/A	N/A

- iv. *As at the Latest Practicable Date, the persons acting in concert with ScS (other than the ScS Directors (and their close relatives and related trusts)) held the following outstanding Awards over ScS Shares under the ScS Share Schemes:*

<i>Concert Party</i>	<i>Number of ScS Shares</i>	<i>ScS Share Scheme</i>	<i>Date of Award</i>	<i>Form of Award</i>	<i>Vesting Date</i>
N/A	N/A	N/A	N/A	N/A	N/A

(d) **BidCo**

As at the Latest Practicable Date, neither BidCo nor any person acting in concert with it held any interests, rights to subscribe or short positions in respect of relevant securities of ScS.

(e) **Dealings in Relevant Securities of ScS**

ScS

- i. In the period commencing on the first day of the Offer Period and ending on the Latest Practicable Date, there have been the following dealings by ScS Directors in relevant securities of ScS.

<i>Name</i>	<i>Number of ScS Shares</i>	<i>Nature of dealing</i>	<i>Date of dealing</i>	<i>Price per ScS Share</i>
Chris Muir	68,465	Exercise of options	30/10/2023	Nil
Chris Muir	32,179	Sale of shares	30/10/2023	270p
Chris Muir	36,286	Transfer of shares	30/10/2023	Nil

- ii. In the period commencing on the first day of the Offer Period and ending on the Latest Practicable Date, there have been no dealings by persons acting in concert with ScS.

- iii. Save as detailed in this sub-paragraph (e) (*Dealings in Relevant Securities of ScS*), during the Offer Period, there have been no dealings in relevant securities of ScS by ScS Directors (or their respective close relatives, related trusts and connected persons) or by persons acting in concert with ScS.

BidCo

- iv. During the disclosure period, there have been no dealings in relevant securities of ScS by the BidCo Director or the Poltronosofà Responsible Person (or his close relatives, related trusts and connected persons) or by persons acting in concert with BidCo.

(f) **General**

Save as disclosed in this document, as at the Latest Practicable Date:

- i. none of ScS, any ScS Directors, any close relatives or related trusts of such directors, nor any other person acting in concert with ScS, nor any person with whom ScS or any person acting in concert with ScS has an arrangement, was interested, had any rights to subscribe or had any short positions in respect of any relevant securities, nor has any such person dealt in any relevant securities during the Offer Period (up to and including the Latest Practicable Date);

- ii. none of BidCo, the BidCo Director, the Poltronosofà Responsible Person (nor any close relatives of such directors or persons or any related trusts or connected persons), nor any person acting in concert with BidCo, or any person with whom BidCo or any person acting in concert with BidCo has an arrangement, was interested, had any rights to subscribe or had any short positions in respect of any relevant securities on the Latest Practicable Date nor has any such person dealt in any relevant securities during the disclosure period;
- iii. neither ScS nor any person acting in concert with ScS has borrowed or lent (including for these purposes any financial collateral arrangements of a kind referred to in Note 4 on Rule 4.6) any relevant securities during the Offer Period, save for any borrowed shares which have either been on-lent or sold;
- iv. neither BidCo nor any person acting in concert with BidCo has borrowed or lent (including for these purposes any financial collateral arrangements of a kind referred to in Note 4 on Rule 4.6) any relevant securities during the disclosure period, save for any borrowed shares which have either been on-lent or sold;
- v. neither ScS nor any person acting in concert with ScS has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of ScS during the Offer Period (up to and including the Latest Practicable Date);
- vi. neither BidCo nor any person acting in concert with BidCo has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of ScS during the disclosure period;
- vii. save for the irrevocable undertakings described in paragraph 5 (*Irrevocable commitments*) of this Part 6 (*Additional Information*) of this document, there is no arrangement relating to relevant securities in ScS which exists between BidCo or any person acting in concert with BidCo and any other person, nor between ScS or any person acting in concert with ScS and any other person;
- viii. save for the irrevocable undertakings described in paragraph 5 (*Irrevocable commitments*) of this Part 6 (*Additional Information*) of this document, no persons have given any irrevocable or other commitment to vote in favour of the Scheme or the Resolution; and
- ix. ScS has not redeemed or purchased any relevant securities of ScS in the period commencing on the first day of the Offer Period and ending on the Latest Practicable Date.

5. Irrevocable commitments

ScS Directors

As at the Latest Practicable Date, the following ScS Directors have given irrevocable undertakings to BidCo to vote in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting and, if BidCo exercises its right to implement the Acquisition by way of a Takeover Offer (subject to the consent of the Panel and the terms of the Co-operation Agreement), to accept or procure acceptance of such Takeover Offer, in each case in respect of their own legal and/or beneficial holdings (or those ScS Shares over which they have control and are held by their close relatives and related trusts) of ScS Shares as well as any further ScS Shares of which they may become the legal and/or beneficial holder (whether as a result of the release, vesting and/or exercise of Awards or otherwise):

<i>Name</i>	<i>Number of ScS Shares</i>	<i>Percentage of Scheme Shares entitled to vote at the Court Meeting</i>	<i>Percentage of ScS's existing share capital</i>
Alan Smith	18,096	0.1	0.1
Steve Carson	75,000	0.2	0.2
Chris Muir	215,843	0.6	0.6
TOTAL	308,939	0.9	0.9

These irrevocable undertakings remain binding in the event a higher competing offer is made for ScS and will only cease to be binding if:

- i. where BidCo has elected (in accordance with and subject to the terms of the Co-operation Agreement and with Panel consent) to proceed with the implementation of the Acquisition by way of a Takeover Offer and the Offer Document is not sent to ScS Shareholders within 28 days;
- ii. BidCo announces, with consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new, revised or replacement Takeover Offer or Scheme is announced by BidCo in accordance with Rule 2.7 of the Code at the same time;
- iii. the Scheme (or Takeover Offer, as applicable) lapses or is withdrawn in accordance with its terms and no new, revised or replacement Takeover Offer or Scheme is announced by BidCo by such time;
- iv. the Acquisition has not become effective or, in the event BidCo has elected (in accordance with and subject to the terms of the Co-operation Agreement and with Panel consent) to proceed with the implementation of the Acquisition by way of a Takeover Offer, the Takeover Offer has not become unconditional, in each case by the Long Stop Date; or
- v. the date on which any competing offer for the entire issued and to be issued share capital of ScS is declared unconditional (if implemented by way of a Takeover Offer) or, if proceeding by way of a scheme of arrangement, becomes Effective.

6. Financing and Cash Confirmation

The Cash Offer payable to ScS Shareholders pursuant to the Acquisition will be funded as set out in paragraph 12 (*Financing in connection with the Acquisition*) of Part 2 (*Explanatory Statement*) of this document.

Goldman Sachs, as financial adviser to Poltronosofà and BidCo, 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.

7. Material Contracts

(a) ScS

Save as disclosed in this paragraph 7 (*Material Contracts*), there have been no contracts entered into by ScS or any of its subsidiaries during the period commencing on 24 October 2021 (the date two years before the commencement of the Offer Period) and ending on the Latest Practicable Date which are outside the ordinary course of business and which are or may be considered material.

Confidentiality Agreement

See paragraph 14(a) (*Confidentiality Agreement*) of Part 2 (*Explanatory Statement*) of this document for details of the Confidentiality Agreement.

Co-operation Agreement

See paragraph 14(b) (*Co-operation Agreement*) of Part 2 (*Explanatory Statement*) of this document for details of the Co-operation Agreement.

Agreement for the sale and purchase of the business and assets of Snug Shack Limited (in administration)

Snug Furniture Limited entered into an agreement dated 10 January 2023 with (i) Snug Shack Limited (in administration) and (ii) the joint administrators of Snug Shack Limited (in administration) for the sale and purchase of the brand, domain names, website, intellectual property and stock of Snug Shack Limited (in administration) from the joint administrators for an aggregate consideration of £875,000.

(b) **BidCo**

Confidentiality Agreement

See paragraph 14(a) (*Confidentiality Agreement*) of Part 2 (*Explanatory Statement*) of this document for details of the Confidentiality Agreement.

Co-operation Agreement

See paragraph 14(b) (*Co-operation Agreement*) of Part 2 (*Explanatory Statement*) of this document for details of the Co-operation Agreement

8. Service Contracts and Remuneration

Save as disclosed below, there are no service contracts in force between any director or proposed director of ScS and ScS or any of its subsidiaries and no such contract has been entered into or amended during the six months preceding the date of this document.

(a) **ScS Directors**

The ScS Directors have entered into terms of engagement with the ScS Group as summarised below:

Steve Carson

Steve Carson is employed as Chief Executive Officer pursuant to the terms of a service agreement with ScS, dated 24 November 2020.

His employment is for an indefinite term and may be terminated at any time by either party providing to the other not less than nine months' notice. Payment in lieu of notice equal to the base salary only for the unexpired period of notice can be paid under the service agreement. Steve Carson's service contract can also be terminated without notice or payment of compensation except for pay accrued up to the termination date on the occurrence of certain events such as gross misconduct.

Steve Carson's current base annual salary is £424,360. In addition to his fixed salary, Steve Carson is entitled to participate in the ScS bonus scheme arrangement, with a maximum opportunity of 140 per cent. of his base annual salary (the most recent review awarded him a bonus of £122,570), and the ScS Long Term Incentive Plan, with a maximum opportunity of 150 per cent. of his base annual salary (with such an award granted subject to (i) a three-year vesting period and (ii) a further two-year holding period). Steve Carson is entitled to receive the equivalent of up to five per cent. of his base annual salary in pension contributions per annum. He also benefits from private medical insurance and life assurance and has a £20,000 car allowance. He is entitled to reimbursement of all reasonable out of pocket expenses. He is also eligible to benefit from the directors' indemnity provided for in the ScS Articles and to cover under any directors' and officers' liability insurance policy that ScS maintains from time to time. Steve Carson is subject to post termination restrictions in his service agreement including restrictions on: the solicitation of certain employees for a period of 12 months after termination; competition with ScS for a period of nine months after termination; the association with or interest in certain competitors of ScS for a period of nine months after termination; and the interference with suppliers in a way detrimental to ScS for a period of nine months after termination.

Chris Muir

Chris Muir is employed as Executive Director pursuant to the terms of a service agreement with ScS, dated 8 January 2016.

His employment is for an indefinite term and may be terminated at any time by either party providing to the other not less than 12 months' notice. Although Chris Muir served notice to terminate his employment on 30 November 2022 and would otherwise be due to cease his employment on 1 December 2023, it has been agreed to extend the period of notice until conclusion of the Acquisition. Payment in lieu of notice equal to the base salary only for the unexpired period of notice can be paid under the service agreement. Chris Muir's service contract can also be terminated without notice or payment of compensation except for pay accrued up to the termination date on the occurrence of certain events such as gross misconduct.

Chris Muir's current base annual salary is £339,488. In addition to his fixed salary, Chris Muir is entitled to participate in the ScS bonus scheme arrangement, with a maximum opportunity of 140 per cent.

of his base annual salary (the most recent review awarded him a bonus of £98,056), and the ScS Long Term Incentive Plan, with a maximum opportunity of 150 per cent. of his base annual salary (with such an award granted subject to (i) a three-year vesting period and (ii) a further two-year holding period). Chris Muir is entitled to receive the equivalent of up to five per cent. of his base annual salary in pension contributions per annum. He also benefits from private medical insurance and life assurance and has a £17,000 car allowance. He is entitled to reimbursement of all reasonable out of pocket expenses. He is also eligible to benefit from the directors' indemnity provided for in the ScS Articles and to cover under any directors' and officers' liability insurance policy that ScS maintains from time to time. Chris Muir is subject to post termination restrictions in his service agreement including restrictions on: the solicitation of certain employees for a period of 12 months after termination; competition with ScS for a period of 12 months after termination; and the interference with suppliers in a way detrimental to ScS for a period of 12 months after termination.

Mark Fleetwood

Mark Fleetwood is employed as Chief Financial Officer pursuant to the terms of a service agreement with ScS dated 8 June 2023.

His employment is for an indefinite term and may be terminated at any time by either party providing to the other not less than 12 months' notice. Payment in lieu of notice equal to the base salary only for the unexpired period of notice can be paid under the service agreement. Mark Fleetwood's service contract can also be terminated without notice or payment of compensation except for pay accrued up to the termination date on the occurrence of certain events such as gross misconduct.

Mark Fleetwood has been appointed with a base annual salary of £325,000. In addition to his fixed salary, Mark Fleetwood is entitled to participate in the ScS bonus scheme arrangement, with a maximum opportunity of 140 per cent. of his base annual salary, and the ScS Long Term Incentive Plan, with a maximum opportunity of 150 per cent. of his base annual salary (with such an award granted subject to (i) a three-year vesting period and (ii) a further two-year holding period). Mark Fleetwood is entitled to receive the equivalent of up to five per cent. of his base annual salary in pension contributions per annum. He also benefits from private medical insurance and life assurance and an £17,000 car allowance. He is entitled to reimbursement of all reasonable out of pocket expenses. He is also eligible to benefit from the directors' indemnity provided for in the ScS Articles and to cover under any directors' and officers' liability insurance policy that ScS maintains from time to time. Mark Fleetwood is subject to post termination restrictions in his service agreement including restrictions on: the solicitation of certain employees for a period of 12 months after termination; competition with ScS for a period of 12 months after termination; the association with or interest in certain competitors of ScS for a period of 12 months after termination; and the interference with suppliers in a way detrimental to ScS for a period of 12 months after termination.

b) *The Chairman and the ScS Non-Executive Directors*

Alan Smith

The services of Alan Smith as a non-executive Director and Chairman of ScS are provided under the terms of a letter of appointment dated 22 October 2014. His appointment may be terminated at any time by either party giving to the other three months' prior written notice (or immediately with cause including for breach of the terms of his appointment or duties as a director).

His appointment was for an initial term of three years commencing on 22 October 2014. Since the expiry of that term, Alan Smith has been re-elected each year by the ScS Shareholders at each ScS annual general meeting, the latest of which was on 25 November 2022. Alan Smith will step down as Chairman at the ScS annual general meeting on 1 December 2023, but will remain on the ScS Board as a non-executive Director until the conclusion of the Acquisition.

ScS is entitled to terminate Alan Smith's appointment without notice in certain circumstances including, but not limited to, serious or repeated breach or non-observance of his obligations under his letter of appointment or if he is not re-elected by ScS Shareholders or the ScS Board or if he becomes ineligible to act.

Alan Smith is paid a fee of £125,000 per annum (plus all reasonably and properly incurred expenses). This will apply until 1 December 2023, from which point onwards he will be paid £50,000 per annum until such time as he is no longer a director. He is also eligible to benefit from the directors' indemnity

afforded to the ScS Board in the ScS Articles and to cover under any directors' and officers' liability insurance policy that ScS maintains from time to time.

Andrew Kemp

The services of Andrew Kemp as a non-executive Director of ScS are provided under the terms of a letter of appointment dated 1 February 2023.

His appointment may be terminated at any time by either party giving to the other three months' prior written notice (or immediately with cause including for breach of the terms of his appointment or duties as a director).

His appointment is initially for two three-year terms commencing on 1 February 2023. ScS is entitled to terminate Andrew Kemp's appointment without notice in certain circumstances including, but not limited to, serious or repeated breach or non-observance of his obligations under his letter of appointment or if he is not re-elected by ScS Shareholders or the ScS Board or if he becomes ineligible to act.

Andrew Kemp is paid a fee of £50,000 per annum (plus all reasonably and properly incurred expenses). This will apply until 1 December 2023 but will then increase to £60,000 per annum to reflect his additional chairing of ScS' audit committee. He is also eligible to benefit from the directors' indemnity afforded to the ScS Board in the ScS Articles and to cover under any directors' and officers' liability insurance policy that ScS maintains from time to time.

John Walden

The services of John Walden as a non-executive Director and Chair Designate of ScS are provided under the terms of a letter of appointment dated 1 March 2023.

His appointment may be terminated at any time by either party giving to the other three months' prior written notice (or immediately with cause including for breach of the terms of his appointment or duties as a director).

His appointment is initially for two three-year terms commencing on 1 March 2023. John Walden will become Chair of the ScS Board at the ScS annual general meeting on 1 December 2023. ScS is entitled to terminate John Walden's appointment without notice in certain circumstances including, but not limited to, serious or repeated breach or non-observance of his obligations under his letter of appointment or if he is not re-elected by ScS Shareholders or the ScS Board or if he becomes ineligible to act.

John Walden is paid a fee of £50,000 per annum (plus all reasonably and properly incurred expenses). This will apply until 1 December 2023 at which point it will increase to £150,000 per annum to reflect his becoming Chairman in replacement for Alan Smith. He is also eligible to benefit from the directors' indemnity afforded to the ScS Board in the ScS Articles and to cover under any directors' and officers' liability insurance policy that ScS maintains from time to time.

Carol Kavanagh

The services of Carol Kavanagh as a non-executive Director of ScS are provided under the terms of a letter of appointment dated 26 September 2022.

Her appointment may be terminated at any time by either party giving to the other three months' prior written notice (or immediately with cause including for breach of the terms of her appointment or duties as a director).

Her appointment is initially for two three-year terms commencing on 26 September 2022. ScS is entitled to terminate Carol Kavanagh's appointment without notice in certain circumstances including but not limited to serious or repeated breach or non-observance of her obligations under her letter of appointment or if she is not re-elected by ScS Shareholders or the ScS Board or if she becomes ineligible to act.

Carol Kavanagh is paid a fee of £50,000 per annum (plus all reasonably and properly incurred expenses). In addition she is paid £10,000 for chairing the ScS remuneration committee. She is also eligible to benefit from the directors' indemnity afforded to the ScS Board in the ScS Articles and to cover under any directors' and officers' liability insurance policy that ScS maintains from time to time.

Angela Luger

The services of Angela Luger as a non-executive Director of ScS are provided under the terms of a letter of appointment dated 16 May 2019.

Her appointment may be terminated at any time by either party giving to the other three months' prior written notice (or immediately with cause including for breach of the terms of her appointment or duties as a director).

Her appointment was for an initial term of three years commencing on 16 May 2019. Since the expiry of that term, Angela Luger was re-elected at the latest ScS annual general meeting on 25 November 2022. ScS is entitled to terminate Angela Luger's appointment without notice in certain circumstances including but not limited to serious or repeated breach or non-observance of her obligations under her letter of appointment or if she is not re-elected by ScS Shareholders or the ScS Board or if she becomes ineligible to act.

Angela Luger is paid a fee of £50,000 per annum (plus all reasonably and properly incurred expenses). This will apply until 1 December 2023, when Angela Luger will take over the role of senior independent director, at which point she will then be paid a fee of £60,000 per annum with effect from 1 December 2023. She is also eligible to benefit from the directors' indemnity afforded to the ScS Board in the ScS Articles and to cover under any directors' and officers' liability insurance policy that ScS maintains from time to time.

Ron McMillan

The services of Ron McMillan as a non-executive Director of ScS are provided under the terms of a letter of appointment dated 22 October 2014. His appointment may be terminated at any time by either party giving to the other three months' prior written notice (or immediately with cause including for breach of the terms of his appointment or duties as a director).

His appointment was for an initial term of three years commencing on 22 October 2014. Since the expiry of that term Ron McMillan has been re-elected each year by the ScS Shareholders at each ScS annual general meeting, the latest of which was on 25 November 2022. ScS is entitled to terminate Ron McMillan's appointment without notice in certain circumstances including, but not limited to, serious or repeated breach or non-observance of his obligations under his letter of appointment or if he is not re-elected by ScS Shareholders or the ScS Board or if he becomes ineligible to act.

Ron McMillan is paid a fee of £60,000 per annum (plus all reasonably and properly incurred expenses). This will apply until 1 December 2023, when Andrew Kemp will take over the chairmanship of the audit committee from Ron McMillan and at which point Ron McMillan will then be paid a fee of £50,000 per annum with effect from 1 December 2023. He is also eligible to benefit from the directors' indemnity afforded to the ScS Board in the ScS Articles and to cover under any directors' and officers' liability insurance policy that ScS maintains from time to time.

Swarupa Pathakji

The services of Swarupa Pathakji as a non-executive Director of ScS are provided under the terms of a letter of appointment dated 2 May 2023.

Her appointment may be terminated at any time by either party giving to the other three months' prior written notice (or immediately with cause including for breach of the terms of her appointment or duties as a director).

Her appointment is initially for two three-year terms commencing on 2 May 2023. ScS is entitled to terminate Swarupa Pathakji's appointment without notice in certain circumstances including, but not limited to, serious or repeated breach or non-observance of her obligations under her letter of

appointment or if she is not re-elected by ScS Shareholders or the ScS Board or if she becomes ineligible to act.

Swarupa Pathakji is paid a fee of £50,000 per annum (plus all reasonably and properly incurred expenses). She is also eligible to benefit from the directors' indemnity afforded to the ScS Board in the ScS Articles and to cover under any directors' and officers' liability insurance policy that ScS maintains from time to time.

9. No significant change

Except as disclosed in this document, there has been no significant change in the financial or trading position of ScS since 29 July 2023 (the date to which the audited consolidated financial statements of ScS for the financial year ended 29 July 2023 were prepared).

10. Other Information

- (a) Except as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between BidCo or any concert party of BidCo and any of the directors, recent directors, shareholders or recent shareholders of ScS or any person interested or recently interested in shares of ScS having any connection with or dependence on or which is conditional upon the outcome of the Acquisition.
- (b) Except as disclosed in this document, no agreement, arrangement or understanding of whatever nature whether formal or informal (including indemnity or option arrangements) relating to relevant securities which may be an inducement to deal or refrain from dealing exists between ScS or any concert party of ScS and any other person.
- (c) Except as disclosed in this document, there is no agreement, arrangement or understanding by which any securities acquired by BidCo in pursuance of the Acquisition will be transferred to any other person, but BidCo reserves the right to transfer any such shares to any other member of the BidCo Group.
- (d) Save as disclosed in this document, the emoluments of the ScS Directors and the BidCo Director will not be affected by the Acquisition or any other associated transaction.
- (e) Save as disclosed in this document, there is no agreement or arrangement to which BidCo is a party which relates to the circumstances in which it may or may not invoke a Condition to the Scheme.

11. Consent

Shore Capital has given and not withdrawn its consent to the issue of this document with the inclusion of their advice in the form and context in which it appears.

Goldman Sachs has given and not withdrawn its consent to the issue of this document with the inclusion of their advice in the form and context in which it appears.

12. Offer related Fees and Expenses

ScS Fees

- (a) ScS estimates that the aggregate fees and expenses expected to be incurred by ScS in connection with the Acquisition will be £1.76 million (excluding applicable VAT and disbursements). Set out below are the estimates of fees and expenses (excluding applicable VAT and disbursements) expected to be incurred in relation to⁽¹⁾:

<i>Category</i>	<i>Amount (£ million)</i>
Financial and corporate broking advice ⁽²⁾	1.29
Legal advice ⁽³⁾	0.29
Public relations advice	0.04
Other professional services	0.13
Other costs and expenses	0.01

- (1) Amounts have been subject to rounding adjustments.
- (2) The total amount payable is linked to the value of the Acquisition and otherwise depends on whether the Acquisition becomes Effective.
- (3) These services are charged by reference to hourly or daily rates. Amounts included here reflect the time incurred up to the Latest Practicable Date and an estimate of the further time required. The amount payable in respect of certain elements of these services depends on whether the Acquisition becomes Effective. Amounts do not include disbursements.

BidCo Fees

- (b) BidCo estimates that the aggregate fees and expenses expected to be incurred by BidCo and its subsidiaries in connection with the Acquisition will be around £7.98 million (excluding applicable VAT). Set out below are the estimates of fees and expenses (excluding applicable VAT) expected to be incurred in relation to⁽¹⁾:

<i>Category</i>	<i>Amount (£ million)</i>
Financing arrangements ⁽²⁾	Nil
Financial and corporate broking advice ⁽²⁾	4.35
Legal advice ⁽³⁾	0.90
Accounting advice	0.19
Public relations advice ⁽²⁾	Nil
Other professional services	2.54
Other costs and expenses	Nil

In addition, stamp duty at a rate of 0.5 per cent. on the purchase price of the ScS Shares to be acquired by BidCo pursuant to the Scheme will be payable by BidCo.

- (1) Amounts have been subject to rounding adjustments and do not include disbursements. Certain fees and expenses have been and will be incurred by BidCo will be in EUR and have been converted into GBP for the purpose of this disclosure using the exchange rate of EUR 1 to GBP 0.8658 and USD 1 to GBP 0.7867 as of the Latest Practicable Date. The actual amount of the fees and expenses incurred on a GBP basis may vary depending on foreign exchange movements during the course of the Offer Period.
- (2) Amounts payable in respect of the aggregate fees and expenses for these services depends on the Acquisition becoming Effective.
- (3) These services are charged by reference to hourly or daily rates. Amounts included here reflect the time incurred up to the Latest Practicable Date and an estimate of the further time required. The amount payable in respect of certain elements of these services depends on whether the Acquisition becomes Effective. Amounts do not include disbursements.

13. Bases of calculations and sources of information

In this document, unless otherwise stated or the context otherwise requires, the bases and sources used are as set out in Part 7 (*Sources of Information and Bases of Calculation*) of this document.

14. Documents

A copy of each of the following documents is available, subject to any restrictions relating to persons resident in certain jurisdictions, at <https://www.scsplc.co.uk/investors/offer-for-scs-group-plc/> and will remain available until and including the Effective Date (or the date on which the Scheme lapses or is withdrawn, if earlier):

- (a) the Announcement;
- (b) this document and the Forms of Proxy;
- (c) the memorandum (if applicable) and articles of association of each of ScS and BidCo;
- (d) the irrevocable undertakings entered into by the ScS Directors that have made an Opening Position Disclosure pursuant to Rule 8 of the Code to vote in favour of the Scheme referred to in paragraphs 5(a) and 5(b) (*Irrevocable commitments*) of Part 6 (*Additional Information*) above;
- (e) the Confidentiality Agreement;
- (f) the Co-operation Agreement;
- (g) the written consent letters from each of Goldman Sachs and Shore Capital as referred to in paragraph 11 (*Consent*) above;
- (h) a draft of the ScS Articles as proposed to be approved for amendment at the General Meeting pursuant to the Resolution (as further described in paragraph 7(d) (*Amendment to the ScS Articles*) of Part 2 (*Explanatory Statement*)) of this document;
- (i) the audited consolidated financial statements of ScS for the financial year ended 29 July 2023; and
- (j) the audited consolidated financial statements of ScS for the financial year ended 30 July 2022.

Save as expressly referred to in this document, the contents of the websites referred to in this document are not incorporated into and do not form part of this document.

ScS Shareholders, persons with information rights and any other person to whom a copy of this document has been sent will not automatically be sent a copy of any document incorporated into this document by reference. ScS will, however, upon written or oral request of any such person, provide without charge a copy of any documents incorporated by reference into this document. Exhibits to documents incorporated by reference into this document or documents referred to in documents incorporated by reference into this document are not incorporated into and do not form part of this document and, accordingly, will not be provided unless they are specifically incorporated by reference into this document.

Any person who has received this document may request a copy of such documents incorporated by reference. A copy of any such documents or information incorporated by reference in this document will not be sent to such persons unless requested from ScS's Registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom or by calling the Shareholder Helpline on +44 (0)371 384 2050. Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday (except English and Welsh public holidays). Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Please note that calls are recorded for security and training purposes and the Shareholder Helpline operators cannot provide advice on the merits of the Scheme or the Acquisition, nor give financial, tax, investment or legal advice. If requested, copies will be provided, free of charge, within two Business Days of request.

Dated: 29 November 2023

PART 7

SOURCES OF INFORMATION AND BASES OF CALCULATION

In this document, unless otherwise stated, or the context otherwise requires, the following bases and sources have been used:

1. the "Latest Practicable Date" for the purposes of this document means close of business on 28 November 2023 (being the latest practicable Business Day before the date of this document on which the share register of ScS has been verified);
2. references to the issued and to be issued ordinary share capital of ScS is based on ScS's fully diluted ordinary share capital of 35,448,405 ScS Shares as at the Latest Practicable Date, calculated as:
 - (a) 33,954,674 ScS Shares in issue (net of shares in treasury); plus
 - (b) 1,547,728 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 Latest Practicable Date on the vesting of awards or exercise of options under the ScS Share Schemes; less
 - (c) 53,997 ScS Shares currently held by the ScS Employee Benefit Trust which may be used to satisfy outstanding awards and options under the ScS Share Schemes;
3. the premium calculations to the price per ScS Share used in this document have been calculated by reference to:
 - (a) the Closing Price per ScS Share of 169 pence on 23 October 2023 (being the last Business Day before the commencement of the Offer Period), derived from Factset; and
 - (b) the volume weighted average Closing Price per ScS Share of 168 pence for the three month period ended on 23 October 2023 (being the last Business Day before the date of the commencement of the Offer Period), derived from Factset;
4. the Closing Price is taken from the Daily Official List;
5. volume-weighted average prices have been derived from Factset and have been rounded to the nearest single decimal place; and
6. certain figures included in this document have been subject to rounding adjustments.

PART 8

DEFINITIONS

The following definitions apply throughout this document, other than in the Scheme set out in Part 9 (*The Scheme of Arrangement*) of this document, unless the context requires otherwise:

“Acquisition”	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 document;
“Announcement”	the announcement made on 24 October 2023 by the ScS Board and the BidCo Board, announcing that they had reached agreement on the terms of a recommended cash acquisition of the entire issued and to be issued ordinary share capital of ScS pursuant to Rule 2.7 of the Code;
“Authorisations”	authorisations, orders, determinations, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions, exemptions or approvals, in each case of a Third Party;
“Awards”	in respect of all ScS Share Schemes 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, a holding of ScS Shares under the terms of the Share Incentive Plan;
“BidCo”	Cerezola Limited, a private limited company incorporated in England and Wales with registered number 15175709;
“BidCo Board” or “BidCo Director”	the sole director of BidCo;
“BidCo Group”	BidCo and its subsidiary undertakings and, where the context permits, each of them;
“Business Day”	a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London;
“Cash Offer”	270 pence in cash per Scheme Share;
“certificated” or “in certificated form”	a share or other security which is not in uncertificated form (that is, not in CREST);
“Closing Price”	the closing middle market quotation of a share derived from the Daily Official List of the London Stock Exchange;
“Code”	the City Code on Takeovers and Mergers;
“Companies Act”	the Companies Act 2006, as amended;
“Conditions”	the conditions to the implementation of the Acquisition set out in Part 3 (<i>Conditions to and Further Terms of the Acquisition</i>) of this document and “Condition” means any one of them as the context may require;
“Confidentiality Agreement”	the confidentiality agreement between Poltronesofà and ScS dated 10 September 2023 in respect of the Acquisition described at paragraph 14(a) (<i>Confidentiality Agreement</i>) of Part 2 (<i>Explanatory Statement</i>) of this document;

“Co-operation Agreement”	the co-operation agreement between Poltronosofà, BidCo and ScS dated 23 October 2023, as described at paragraph 14(b) (<i>Co-operation Agreement</i>) of Part 2 (<i>Explanatory Statement</i>) of this document;
“Court”	the High Court of Justice in England and Wales;
“Court Meeting”	the meeting of Scheme 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 is contained in Part 10 (<i>Notice of Court Meeting</i>) of this document;
“Court Order”	the order of the Court sanctioning the Scheme under section 899 of the Companies Act;
“Court Sanction Date”	the date that the Court Order is granted by the Court;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form;
“CREST Manual”	the CREST Manual published by Euroclear, as amended from time to time;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (including as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018), as amended from time to time;
“CSOP Sub-Plan”	CSOP sub-plan appended to the Long Term Incentive Plan;
“Daily Official List”	the Daily Official List of the London Stock Exchange;
“Disclosed”	the information which has been fairly disclosed: (i) in writing prior to the date of this document 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 document; (iii) in a public announcement by ScS prior to the date of this document by way of any Regulatory Information Service; or (iv) in this document;
“EBT”	the ScS Employee Benefit Trust established for the benefit of ScS employees by way of trust deed dated 20 January 2015;
“Effective”	in the context of the Acquisition: (i) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (ii) if the Acquisition is implemented by way of a Takeover Offer, the Takeover Offer having been declared or having become unconditional in accordance with the requirements of the Code;
“Effective Date”	the date on which the Scheme becomes Effective;
“Electronic Payment Mandate”	a standing electronic payment mandate with ScS’s Registrars for the purpose of receiving dividend payments with ScS in pounds sterling;

“Enlarged Group”	the Poltronosofà Group, as enlarged by the ScS Group following completion of the Acquisition;
“Euroclear”	Euroclear UK & International Limited;
“Excluded Shares”	any ScS Shares at the Scheme Record Time which (if any): (a) are owned or controlled by the BidCo Group; or (b) are held by ScS as treasury shares (within the meaning of the Companies Act);
“Explanatory Statement”	the explanatory statement (in compliance with section 897 of the Companies Act) relating to the Scheme, as set out in Part 2 (<i>Explanatory Statement</i>) of this document;
“FCA” or “Financial Conduct Authority”	the Financial Conduct Authority of the United Kingdom acting in its capacity as the competent authority for the purposes of Part VI of FSMA, or any successor regulatory body;
“FCA Handbook”	the FCA’s handbook of rules and guidance as amended from time to time;
“Forms of Proxy”	the PINK form of proxy for use at the Court Meeting and the WHITE form of proxy for use at the General Meeting both of which accompany this document and a “Form of Proxy” means either of them as the context requires;
“FSMA”	the Financial Services and Markets Act 2000 (as amended from time to time);
“Goldman Sachs”	Goldman Sachs International, financial adviser to Poltronosofà;
“General Meeting”	the general meeting of ScS Shareholders (and any postponement or adjournment thereof) convened for the purposes of considering and, if thought fit, approving the Resolution, notice of which is contained in Part 11 (<i>Notice of General Meeting</i>) of this document;
“Latest Practicable Date”	close of business on 28 November 2023 (being the latest practicable date prior to the publication of this document);
“Listing Rules”	the listing rules made by the FCA under section 73A of FSMA;
“London Stock Exchange”	London Stock Exchange plc;
“Long Stop Date”	11.59 p.m. on 30 September 2024 or such later date as Poltronosofà and ScS may agree;
“Long Term Incentive Plan”	the ScS Group plc Long Term Incentive Plan;
“LSA 2007”	Legal Services Act 2007 (as amended);
“Main Market”	the main market for trading in listed securities operated by the London Stock Exchange;
“MLR 2017”	Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended);
“Offer Document”	should the Acquisition be implemented by way of a Takeover Offer, the document which would be sent to ScS Shareholders containing, among other things, the terms and conditions of the Takeover Offer;

“Offer Period”	the offer period (as defined by the Code) relating to ScS, which commenced on 24 October 2023 (being the date of the Announcement) and ending on the earlier of: (i) the Effective Date and/or (ii) the date on which the Scheme lapses or is withdrawn (or such other date as the Code may provide or the Panel may decide);
“Official List”	the official list maintained by the FCA pursuant to Part 6 of FSMA;
“Opening Position Disclosure”	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;
“Overseas Shareholders”	ScS Shareholders (or nominees of, or custodians, depositories or trustees for ScS Shareholders) not resident in, or nationals or citizens of the United Kingdom;
“Panel”	the Panel on Takeovers and Mergers;
“Permitted Dividend”	the final dividend in respect of the year ended 29 July 2023, of 10 pence per ScS Share;
“Poltronesofà”	Poltronesofà S.p.A., a company incorporated in the Italian Republic with its registered office at Via Lunga n. 16, Crespellano 40053, Valsamoggia, Bologna, Italy;
“Poltronesofà Board”	the sole director of Poltronesofà;
“Poltronesofà Director”	the sole director of Poltronesofà at the date of this document;
“Poltronesofà Group”	Poltronesofà and its subsidiary undertakings and associated undertakings;
“Poltronesofà Responsible Person”	the person whose name is set out in paragraph 2(b) of Part 6 (<i>Additional Information</i>) of this document;
“Registrar of Companies”	the Registrar of Companies in England and Wales;
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755);
“Regulatory Conditions”	the Conditions set out in paragraph 3 of Part A of Part 3 (<i>Conditions to and Further Terms of the Acquisition</i>) of this document;
“relevant securities”	“relevant securities” as defined in the Code;
“Resolution”	the special resolution of ScS to be proposed at the General Meeting in connection with the implementation of the Scheme as set out in the notice of the General Meeting;
“Restricted Jurisdiction”	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;
“RIS” or “Regulatory Information Service”	a regulatory information service as defined in the FCA Handbook;
“Sanction Hearing”	the hearing by the Court to sanction the Scheme;

“Scheme”	the scheme of arrangement proposed to be made under Part 26 of the Companies Act to effect the Acquisition between ScS and the Scheme Shareholders, as set out in Part 9 (<i>The Scheme of Arrangement</i>) of this document with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Poltronesofà and ScS;
“Scheme Document”	the circular dated 29 November 2023 sent by ScS to the holders of ScS Shares and persons with information rights, of which the Scheme forms part;
“Scheme Record Time”	6.00 p.m. on the Business Day following the date on which the Scheme is sanctioned by the Court or such other date and/or time as Poltronesofà and ScS may agree;
“Scheme Shareholders”	holders of Scheme Shares at any relevant date or time;
“Scheme Shares”	all ScS Shares which remain in issue at the Scheme Record Time and are: <ul style="list-style-type: none"> (a) in issue at the date of this document; (b) (if any) issued after the date of this document but before the Voting Record Time; and/or (c) (if any) issued at or after the Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme, excluding, in each case, any Excluded Shares;
“ScS”	ScS Group plc, a public limited company incorporated in England and Wales with registered number 03263435;
“ScS Articles”	the articles of association of ScS in force at the date of this document;
“ScS Board”	the board of directors of ScS;
“ScS Bonus Plan”	the ScS Group plc Annual Bonus Plan;
“ScS Directors”	the directors of ScS as at the date of this document or, where the context so requires, the directors of ScS from time to time;
“ScS Group”	ScS and its subsidiary undertakings and associated undertakings;
“ScS Remuneration Committee”	the remuneration committee of the ScS Board as constituted prior to the Effective Date;
“ScS Share Schemes”	the Long Term Incentive Plan; the CSOP Sub-Plan appended to the Long Term Incentive Plan and the Share Incentive Plan;
“ScS Shareholder Meetings”	the Court Meeting and the General Meeting;
“ScS Shareholders”	the holders of ScS Shares from time to time;
“ScS Shares”	the ordinary shares of £0.001 each in the capital of ScS;
“ScS’s Registrars” or “Equiniti”	Equiniti Limited, ScS’s share registrar;
“SDRT”	United Kingdom stamp duty reserve tax;

“Share Incentive Plan”	the ScS Group plc Share Incentive Plan;
“Shore Capital”	Shore Capital and Corporate Limited and/or Shore Capital Stockbrokers Limited as the context requires, together being financial adviser and broker to ScS;
“Significant Interest”	in relation to an undertaking, a direct or indirect interest of 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) of such undertaking;
“SIP Trust”	the trust of the Share Incentive Plan;
“Takeover Offer”	subject to the consent of the Panel and the terms of the Co-operation Agreement, should BidCo elect to implement the Acquisition by way of a takeover offer (as defined in Chapter 3 of Part 28 of the Companies Act), the offer to be made by or on behalf of BidCo to acquire the entire issued and to be issued share capital of ScS, other than Excluded Shares and, where the context admits, any subsequent revision, variation, extension or renewal of such offer;
“Third Party”	any relevant central bank, government or governmental, quasi- governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction;
“Transaction Value”	280 pence for each Scheme Share held;
“uncertificated” or “in uncertificated form”	in relation to a share or other security, a share or other security which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof;
“US Exchange Act”	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
“US Person”	as defined in Regulation S under the US Securities Act;
“US Securities Act”	the United States Securities Act of 1993, as amended, and the rules and regulations promulgated thereunder;
“Voting Record Time”	6.30 p.m. on 19 December 2023 or, if a Court Meeting is postponed or adjourned, 6.30 p.m. on the date which is 48 hours (excluding any part of a day that is not a Business Day) before the time fixed for any such postponed or adjourned meeting;

“Wider Poltronesofà Group”

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; and

“Wider ScS Group”

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.

For the purposes of this document, **“subsidiary”**, **“subsidiary undertaking”**, **“undertaking”** and **“associated undertaking”** have the respective meanings given thereto by the Companies Act.

All references to **“pounds”**, **“pounds sterling”**, **“sterling”**, **“£”**, **“pence”**, **“penny”** and **“p”** are to the lawful currency of the United Kingdom.

All references to **“euros”**, **“€”** and **“EUR”** are to the lawful currency of the European Union.

All references to **“USD”** are to the lawful currency of the United States of America.

Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Where the context so admits or requires, the plural includes the singular and vice versa. All references to times in this document are to London times unless otherwise stated.

PART 9

THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
COMPANIES COURT (ChD)

IN THE MATTER OF SCS GROUP PLC

(Registered in England and Wales with registered number 03263435)

– and –

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part 26 of the Companies Act)

between

ScS Group PLC

and

the Scheme Shareholders

(as herein defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“Acquisition”	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 the Scheme Document;
“Announcement”	the announcement made on 24 October 2023 by the ScS Board and the BidCo Board, announcing that they had reached agreement on the terms of a recommended cash acquisition of the entire issued and to be issued ordinary share capital of ScS pursuant to Rule 2.7 of the Code;
“Awards”	in respect of all ScS Share Schemes 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, a holding of ScS Shares under the terms of the Share Incentive Plan;
“BidCo”	Cerezola Limited, a private limited company incorporated in England and Wales with registered number 15175709;
“BidCo Board”	the sole director of BidCo;
“BidCo Group”	BidCo and its subsidiary undertakings and, where the context permits, each of them;

“Business Day”	day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London;
“Cash Offer”	270 pence in cash per Scheme Share;
“certificated” or “in certificated form”	a share or other security which is not in uncertificated form (that is, not in CREST);
“Code”	the City Code on Takeovers and Mergers;
“Companies Act”	the Companies Act 2006, as amended;
“Company” or “ScS”	ScS Group plc, a public limited company incorporated in England and Wales with registered number 03263435;
“Court”	the High Court of Justice in England and Wales;
“Court Meeting”	the meeting 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;
“Court Order”	the order of the Court sanctioning the Scheme under section 899 of the Companies Act;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (including as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018), as amended from time to time;
“Effective Date”	the date on which the Scheme becomes effective in accordance with its terms and “Effective” shall be construed accordingly;
“Euroclear”	Euroclear UK & International Limited;
“Excluded Shares”	any ScS Shares at the Scheme Record Time which (if any): (a) are owned or controlled by the BidCo Group; or (b) are held by ScS as treasury shares (within the meaning of the Companies Act);
“holder”	includes a person entitled by transmission;
“Latest Practicable Date”	close of business on 28 November 2023 (being the latest practicable date prior to the publication of this Scheme);
“Long Stop Date”	11.59 p.m. on 30 September 2024 or such later date as Poltronosofà and ScS may agree;
“members”	members of ScS on the register of members at any relevant date;
“Panel”	the Panel on Takeovers and Mergers;

“Permitted Dividend”	the final dividend in respect of the year ended 29 July 2023, of 10 pence per ScS Share;
“Registrar of Companies”	the Registrar of Companies in England and Wales;
“Scheme”	this scheme of arrangement proposed to be made under Part 26 of the Companies Act to effect the Acquisition between ScS and the Scheme Shareholders, as set out in this Part 9 (<i>The Scheme of Arrangement</i>) of this document with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Poltronesofà and ScS;
“Scheme Document”	the circular dated 29 November 2023 sent by ScS to the holders of ScS Shares and persons with information rights, of which the Scheme forms part;
“Scheme Record Time”	6.00 p.m. on the Business Day following the date on which the Scheme is sanctioned by the Court or such other date and/or time as Poltronesofà and ScS may agree;
“Scheme Shareholders”	holders of Scheme Shares at any relevant date or time;
“Scheme Shares”	all ScS Shares which remain in issue at the Scheme Record Time and are: <ul style="list-style-type: none"> (a) in issue at the date of this document; (b) (if any) issued after the date of this document but before the Voting Record Time; and/or (c) (if any) issued at or after the Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme, excluding, in each case, any Excluded Shares;
“ScS Board”	the board of directors of ScS;
“ScS Share Schemes”	the ScS Group plc Long Term Incentive Plan, the CSOP sub-plan appended to the ScS Group plc Long Term Incentive Plan and the ScS Group plc Share Incentive Plan;
“ScS Bonus Plan”	the ScS Group plc Annual Bonus Plan;
“ScS Shares”	the ordinary shares of £0.001 each in the capital of ScS;
“ScS’s Registrars” or “Equiniti”	Equiniti Limited, ScS’s share registrar;
“ScS Remuneration Committee”	the remuneration committee of the ScS Board as constituted prior to the Effective Date;
“Share Incentive Plan”	the ScS Group plc Share Incentive Plan;
“Significant Interest”	in relation to an undertaking, a direct or indirect interest of 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) of such undertaking;
“SIP Trust”	the trust of the Share Incentive Plan;
“Transaction Value”	280 pence for each Scheme Share held;

“uncertificated” or “in uncertificated form”	in relation to a share or other security, a share or other security which is recorded on the relevant register of the share or other security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof;
“US Exchange Act”	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
“US Person”	as defined in Regulation S under the US Securities Act;
“US Securities Act”	the United States Securities Act of 1993, as amended, and the rules and regulations promulgated thereunder;
“Voting Record Time”	6.30 p.m. on 19 December 2023 or, if a Court Meeting is postponed or adjourned, 6.30 p.m. on the date which is 48 hours (excluding any part of a day that is not a Business Day) before the time fixed for any such postponed or adjourned meeting;
“Wider Poltronesofà Group”	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; and
“Wider ScS Group”	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,

and where the context so admits or requires, the plural includes the singular and vice versa.

For the purposes of this Scheme, **“subsidiary”**, **“subsidiary undertaking”**, **“undertaking”** and **“associated undertaking”** have the respective meanings given thereto by the Companies Act.

All references to **“pounds”**, **“pounds sterling”**, **“sterling”**, **“£”**, **“pence”**, **“penny”** and **“p”** are to the lawful currency of the United Kingdom.

All references to **“euros”**, **“€”** and **“EUR”** are to the lawful currency of the European Union.

All references to **“USD”** are to the lawful currency of the United States of America.

References to clauses are to clauses of this Scheme.

All references to times in this Scheme are to London times unless otherwise stated.

(B) As at the Latest Practicable Date, the issued share capital of the Company was £33,954.67 divided into 33,954,674 ordinary shares of £0.001 pence each all of which were credited as fully paid up.

(C) As at the Latest Practicable Date, there are outstanding Awards over an aggregate of 1,547,728 ScS Shares granted under the ScS Share Schemes (excluding ScS Shares held in the SIP Trust, which are already in issue and captured in (B) above), which will vest/become exercisable (to the extent not already vested) on the Court’s sanction of the Scheme, to the extent determined by the ScS Remuneration Committee in accordance with the rules of the applicable ScS Share Scheme.

- (D) As at the Latest Practicable Date, no ScS Shares are registered in the name of or beneficially owned by BidCo or any other member of the Wider Poltronosofà Group.
- (E) BidCo has agreed, subject to satisfaction or (where applicable) waiver of the conditions of the Acquisition, set out in the Scheme Document of which the Scheme forms part to appear by counsel at the hearing to sanction this Scheme and to undertake to the Court to be bound by the provisions of this Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

THE SCHEME

1. Transfer of the Scheme Shares

- 1.1. On the Effective Date, BidCo and/or its nominee(s) as BidCo may determine shall acquire all the Scheme Shares fully paid up with full title guarantee, free from all liens, charges, encumbrances and any other third party rights or interests of any nature whatsoever, and together with all rights now attaching to such Scheme Shares, and to become attached thereto, including the right to receive all dividends and other distributions declared, paid or made at any time after the Effective Date other than the Permitted Dividend.
- 1.2. For the purposes of the Acquisition, the Scheme Shares shall be transferred to BidCo and/or its nominees by means of a form of transfer or other instrument or instruction of transfer and to give effect to such transfers any person may be appointed by BidCo as attorney and/or agent (and shall be authorised as such attorney and/or agent) on behalf of the relevant holder(s) of Scheme Shares to execute and deliver as transferor an instrument of transfer of, or give instructions to transfer, or procure the transfer by means of CREST, any Scheme Share and every form or instrument executed or instruction given shall be as effective as if it had been executed or given by the holder(s) of the Scheme Shares thereby transferred. In consideration of the transfer of the Scheme Shares, BidCo shall pay the sums in accordance with clause 2. For the avoidance of doubt, the Court Order will not be the instrument of transfer and separate stock transfer forms will be entered into to transfer the Scheme Shares.
- 1.3. Pending the transfer of the Scheme Shares pursuant to clause 1.2, each Scheme Shareholder irrevocably appoints BidCo and/or its nominees(s) as its attorney and/or agent and/or otherwise to exercise on its behalf (in place of and to the exclusion of the relevant Scheme Shareholder) any voting rights attached to its Scheme Shares and any or all rights and privileges attaching to its Scheme Shares to sign on its behalf any documents and do such things as may in the opinion of BidCo be necessary or desirable in connection with the exercising of any votes or other rights or privileges attached to the relevant Scheme Shares, to sign any consent to short notice of a general or separate class meeting, to execute a Form of Proxy in respect of its Scheme Shares appointing any person nominated by BidCo to attend general and separate class meetings of the Company and to deal with the Scheme Shares as BidCo thinks fit, and authorises the Company to send to BidCo any notice, circular, warrant or other document or communication, and to pay to BidCo any dividend or other distribution, which may be required to be sent or paid to it as a member of the Company and which will not be deducted from the consideration in accordance with clause 2.2, such that, from the Effective Date, no Scheme Shareholder shall be entitled to exercise (and irrevocably undertakes not to exercise) any voting rights attached to the Scheme Shares or any other rights or privileges attaching to the Scheme Shares.

2. Consideration for the transfer of the Scheme Shares

- 2.1. In consideration of the transfer of the Scheme Shares to BidCo (and/or such other nominee(s) of BidCo) referred to in clause 1, BidCo, subject as provided below, shall pay or procure that there shall be paid to or for the account of each holder of Scheme Shares whose name appears in the register of members of the Company and at the Scheme Record Time the Cash Offer.
- 2.2. If, on or after the date of the Announcement and before the Effective Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Scheme

Shares (other than a Permitted Dividend), BidCo reserves the right (without prejudice to any of its other rights) to reduce the consideration payable by BidCo for the Scheme Shares by the aggregate amount of such dividend, distribution and/or return of capital so announced, declared or paid. Any exercise by BidCo of its rights referred to in this clause will be the subject of an announcement and, for the avoidance of doubt, will not be regarded as constituting any revision or variation of the Scheme. Furthermore, BidCo reserves the right to reduce the consideration payable under the Scheme in such circumstances as are, and by such amount as is, permitted by the Panel.

- 2.3. If BidCo exercises the right to reduce the consideration payable under the Scheme by all or part of the amount of a dividend, distribution and/or return of capital that has not been paid or made, Scheme Shareholders will be entitled to receive and retain the amount of that dividend, distribution and/or return of capital.
- 2.4. To the extent that such a dividend, distribution (other than a Permitted Dividend) and/or return of capital has been declared, paid, made or is payable and it is: (i) transferred pursuant to the Scheme on a basis which entitles BidCo to receive the dividend, distribution and/or return of capital and to retain it; or (ii) cancelled, the consideration payable under the Scheme will not be subject to change in accordance with this clause.

3. Settlement of consideration

- 3.1. Where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds the Scheme Shares in certificated form, settlement of the cash consideration to which the Scheme Shareholder is entitled pursuant to this Scheme shall be settled by BidCo making payment of the requisite amount by cheque, despatched no later than 14 days after the Effective Date by first class post in pre-paid envelopes or by international standard post if overseas (or by such other method as may be approved by the Panel) to the address appearing in the register of the Company at the Scheme Record Time (or, in the case of joint holders, to the holder whose name stands first in such register in respect of the joint holding concerned). All cheques shall be in sterling drawn on the branch of a UK clearing bank. Cheques shall be payable to the Scheme Shareholder concerned or, in the case of joint holders, jointly to all holders. The encashment of any such cheque as is referred to in this clause 3.1 shall be a complete discharge of BidCo's obligation under this Scheme to pay the monies represented thereby. None of BidCo, the Company or their respective nominees or agents shall be responsible for any loss or delay in the transmission of any notices, cheques, statements of entitlement or certificates sent in accordance with this clause, which shall be sent at the risk of the person or persons entitled thereto.
- 3.2. Where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds the Scheme Shares in uncertificated form, settlement of the cash consideration to which the Scheme Shareholder is entitled pursuant to this Scheme shall be effected through CREST, by BidCo procuring the creation of a CREST assured payment obligation in favour of the appropriate CREST account through which the Scheme Shareholder holds uncertificated Scheme Shares for the cash consideration due to the Scheme Shareholder not later than 14 days after the Effective Date. The creation of such an assured payment arrangement shall be a complete discharge of BidCo's obligations under this Scheme with respect to payments through CREST. BidCo reserves the right to pay any cash consideration referred to in this clause 3.2 to all or any Scheme Shareholders holding Scheme Shares in uncertificated form at the Scheme Record Time in the manner referred to in clause 3.1 if, for any reason, it wishes to do so.
- 3.3. The provisions of this clause 3 shall be subject to any condition or prohibition imposed by law.

4. Certificates and cancellations

With effect from and including the Effective Date:

- 4.1. all certificates representing Scheme Shares shall cease to be valid as documents of title to the shares represented thereby and every holder thereof shall be bound at the request of the Company to deliver up the same to the Company or as it may direct to destroy the same;
- 4.2. the Company shall procure that Euroclear be instructed to cancel or transfer the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form;
- 4.3. following the cancellation of the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form, ScS's Registrars shall be authorised to rematerialise entitlements to such Scheme Shares; and
- 4.4. subject to the completion of such transfers, forms, instruments or instructions as may be required in accordance with clause 1.2 and the payment of any UK stamp duty thereon, Equiniti shall make appropriate entries in the Company's register of members to reflect the transfer of the Scheme Shares to BidCo and/or its nominee(s).

5. Mandates

Each mandate (including, without limitation, relating to the payment of dividends on any Scheme Shares) and other instructions (including communication preferences) given to the Company by a Scheme Shareholder in force at the Scheme Record Time relating to Scheme Shares shall, as from the Effective Date, and save in respect of the payment of the Permitted Dividend, cease to be valid.

6. Operation of the Scheme

- 6.1. This Scheme shall become Effective as soon as a copy of the Court Order shall have been delivered to the Registrar of Companies.
- 6.2. Unless this Scheme shall become Effective on or before the Long Stop Date, or such later date, if any, as the Company and BidCo may agree (with the Panel's consent and which the Court may allow (if such approval(s) are required)) this Scheme shall never become Effective.

7. Modification

BidCo and the Company may jointly consent on behalf of all persons concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose. Any such modification or addition shall require the consent of the Panel where such consent is required under the Code. For the avoidance of doubt, no modification may be made to the Scheme under this clause 7 once the Scheme has taken effect.

8. Governing Law

The Scheme is governed by the laws of England and Wales and is subject to the exclusive jurisdiction of the courts of England and Wales. The rules of the Code will apply to the Scheme.

Dated: 29 November 2023

PART 10

NOTICE OF COURT MEETING

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES COMPANIES COURT (ChD)**

IN THE MATTER OF SCS GROUP PLC

(Registered in England and Wales with registered number 03263435)

– and –

IN THE MATTER OF THE COMPANIES ACT 2006

Unless the context requires otherwise, any capitalised terms used but not defined in this notice shall have the meaning given to such terms in the document of which this notice forms part.

NOTICE IS HEREBY GIVEN that, by an order dated 28 November 2023, the High Court of Justice in England and Wales (the “**Court**”) has given permission for a meeting (the “**Court Meeting**”) to be convened of the holders of the Scheme Shares for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme**”), pursuant to Part 26 of the Companies Act, proposed to be made between (i) ScS Group plc (in this notice, the “**Company**” or “**ScS**”) and (ii) the holders of Scheme Shares, and that the Court Meeting will be held at the offices of Ward Hadaway LLP, Sandgate House, 102 Quayside, Newcastle upon Tyne, NE1 3DX on 21 December 2023 at 10.30 a.m. at which place and time all Scheme Shareholders are requested to attend.

At the Court Meeting, the following resolution will be proposed

*“THAT the scheme of arrangement dated 29 November 2023 (the “**Scheme**”), between the Company and the holders of Scheme Shares (each as defined in the Scheme), a copy of which has been produced to this meeting and, for the purposes of identification, initialled by the Chair of this meeting, in its original form or with or subject to any modification, addition or condition agreed by the Company and BidCo (as defined in the Scheme) and approved or imposed by the Court, be approved and the directors of the Company (or a duly authorised committee thereof) be authorised to take all such actions as they may consider necessary or appropriate for carrying the Scheme into effect.”*

A copy of the said Scheme and a copy of the Explanatory Statement required to be published pursuant to Part 26 of the Companies Act are incorporated in the document of which this notice forms part.

Voting at the Court Meeting will be by poll, which shall be conducted as the Chair of the Court Meeting may determine.

Right to appoint a proxy and procedure for appointment

Holders of Scheme Shares may vote in person at the Court Meeting or they may appoint another person, whether or not a member of ScS, as their proxy to attend and vote in their stead.

A PINK Form of Proxy, together with a pre-paid envelope, for use in connection with the Court Meeting is enclosed with this notice or shall be sent in a separate mailing to those Scheme Shareholders who have elected or are deemed to have elected to receive documents and notices from the Company via the Company’s website.

Completion and return of a PINK Form of Proxy shall not prevent a Scheme Shareholder from attending and voting in person at the Court Meeting or any adjournment thereof.

Scheme Shareholders are entitled to appoint a proxy in respect of all or some of their shares. Scheme Shareholders are also entitled to appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such Scheme Shareholder.

Scheme Shareholders who wish to appoint more than one proxy in respect of their shareholding should contact ScS's Registrars, on +44 (0)371 384 2050 (if calling from outside of the UK, please ensure the country code is used) for further PINK Forms of Proxy or photocopy these as required. Such Scheme Shareholders should also read the information regarding the appointment of multiple proxies set out on page 13 of the document of which this notice forms part and on the PINK Form of Proxy.

It is requested that the PINK Forms of Proxy be lodged with ScS's Registrars either:

- by post, in the pre-paid envelope enclosed with the Form of Proxy if it is being posted from the United Kingdom or, if it is being posted from outside the United Kingdom, in an envelope, with the postage paid, to Equiniti, Aspect House, Spencer Road, Lancing, BN99 6DA; or
- by e-mail to proxyvotes@equiniti.com; or
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice of Meeting; or
- in the case of institutional investors, you may be able to appoint a proxy electronically via the Proxymity platform at www.proxymity.io.

so as to be received as soon as possible and not later than 10.30 a.m. on 19 December 2023 (or not less than 48 hours (excluding any part of a day that is not a Business Day), excluding any part of a day which is not a Business Day, before the time appointed for any adjourned meeting). If the PINK Form of Proxy for the Court Meeting is not lodged by the relevant time, a copy of the completed and signed PINK Form of Proxy may be e-mailed to proxyvotes@equiniti.com or handed to the Chair of the Court Meeting at any time prior to the commencement of the Court Meeting and it will still be valid.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (CREST proxy instruction) must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Equiniti (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the Notice of General Meeting. For this purpose, the time of receipt shall be taken as the time (as determined by the timestamp applied to the message by the CREST applications host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

ScS may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

It is important that as many votes as possible are cast at the Court Meeting so that the Court may be satisfied that there is a fair representation of opinion of Scheme Shareholders at that meeting. You are therefore strongly encouraged to complete, sign and return your PINK Form of Proxy as soon as possible.

Voting Record Time

Entitlement to attend and vote at the Court Meeting or any adjournment of it and the number of votes which may be cast at the Court Meeting shall be determined by reference to the register of members of the Company at 6.30 p.m. on the day which is two Business Days before the date of the Court Meeting or postponed or adjourned meeting (as the case may be). In each case, changes to the register of members of the Company after such time shall be disregarded in determining the rights of any person to attend and vote at the Court Meeting.

Joint holders

In the case of joint holders of Scheme Shares, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding (the first being the most senior).

Nominated persons

Any person who is not a member of the Company, but has been nominated under section 146 of the Companies Act by a member of the Company (the “**relevant member**”) to enjoy information rights (the “**nominated person**”) does not have a right to appoint a proxy. A nominated person may have a right under an agreement with the relevant member to be appointed or to have somebody else appointed as a proxy for the meeting. If a nominated person does not have such a right, or has such a right and does not wish to exercise it, they may have a right under an agreement with the relevant member to give instructions as to the exercise of voting rights.

The Scheme will be subject to the subsequent sanction of the Court.

Ward Hadaway LLP

Solicitors for the Company

DATED: 29 November 2023

PART 11

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of ScS Group plc (in this notice, the “**Company**”) will be held at the offices of Ward Hadaway LLP, Sandgate House, 102 Quayside, Newcastle upon Tyne, NE1 3DX on 21 December 2023 at 10.45 a.m. (or as soon thereafter as the Court Meeting (as defined in Part 10 (*Definitions*) of the document of which this notice forms part) has been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as a special resolution.

Unless the context requires otherwise, any capitalised terms used but not defined in this notice shall have the meaning given to such terms in the document of which this notice forms part.

SPECIAL RESOLUTION

THAT:

1. for the purpose of giving effect to the scheme of arrangement dated 29 November 2023 (as may be amended or supplemented) between the Company and the holders of the Scheme Shares (as defined in the said Scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the chair of this meeting, in its original form or with or subject to such modification, addition or condition agreed between the Company and BidCo and approved or imposed by the Court (the “**Scheme**”), the directors of the Company (or a duly authorised committee thereof) be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect; and
2. with effect from the passing of this resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new Article 153:

“153 Scheme of Arrangement

- (A) In this Article 153, references to the “**Scheme**” are to the scheme of arrangement dated 29 November 2023 between the Company and the Scheme Shareholders under Part 26 of the Companies Act in its original form or with or subject to any modification, addition or condition agreed by the Company and Cerezzola Limited (“**BidCo**”), which expression includes any other name which BidCo may adopt from time to time and which the Court may approve or impose and (save as defined in this Article) expressions defined in the Scheme shall have the same meanings in this Article.
- (B) Notwithstanding any other provision of these articles or the terms of any resolution whether ordinary or special passed by the Company in general meeting, subject to the Scheme becoming Effective, if the Company issues any ScS Shares or transfers any ScS Shares to any person (other than to BidCo, any subsidiary of BidCo or its nominee(s) (each a “**BidCo Company**”)) on or after the Voting Record Time and prior to the Scheme Record Time, such shares shall be issued, transferred or registered subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holder or holders of such ScS Shares shall be bound by the Scheme accordingly.
- (C) Notwithstanding any other provision of these articles, if any ScS Shares are issued, transferred out of treasury or transferred to any person other than under the Scheme or to a BidCo Company (a “**New Member**”) at or after the Scheme Record Time (each a “**Post-Scheme Share**”) they will, provided that the Scheme has become Effective, be immediately issued or transferred by the New Member (or any nominee of such New Member) to BidCo (or such persons as BidCo may direct) (the “**Purchaser**”), who shall be obliged to acquire such Post-Scheme Shares in consideration of and conditional upon payment in cash by or on behalf of BidCo to the New Member of an amount for each Post-Scheme Share equal to the consideration to which the New Member would have been entitled under the Scheme.
- (D) On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) carried out after the Effective Date, the value of the consideration per Post-Scheme Share to be paid under Article 153 (C) shall be adjusted by the Company in such manner as the auditors of the Company or an independent investment bank selected by the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this Article to such shares shall, following such adjustment, be construed accordingly.

- (E) To give effect to any transfer required by this Article 153, the Company may appoint any person as attorney and/or agent for the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) to execute and deliver as transferor a form of transfer or other instrument(s) or instruction(s) of transfer on behalf of the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) in favour of the Purchaser or its nominee(s) and do all such other things and execute and deliver all such documents and deeds as may in the opinion of the attorney and/or agent be necessary or desirable to vest the Post-Scheme Shares in the Purchaser and its nominee(s) and pending such vesting to exercise all such rights attaching to the Post-Scheme Shares as the Purchaser may direct. If an attorney and/or agent is so appointed, the New Member shall not thereafter (except to the extent that the attorney and/or agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed in writing by the Purchaser. The Company may give good receipt for the consideration of the Post-Scheme Shares and may register the Purchaser as holder thereof and issue to it certificate(s) for the same. The Company shall not be obliged to issue a certificate to the New Member for any Post-Scheme Shares. The Purchaser shall send a cheque drawn on a UK clearing bank in favour of the New Member (or any subsequent holder), or by any alternative method communicated by the Purchaser to the New Member, for the consideration of such Post-Scheme Shares within 14 days after the time on which the Post-Scheme Shares are issued or transferred to the New Member.
- (F) Notwithstanding any other provision of these articles, both the Company and the directors may refuse to register the transfer of any ordinary shares effected between the Scheme Record Time and the Effective Date other than to the Purchaser pursuant to the Scheme.
- (G) If the Scheme shall not have become Effective by the date referred to in clause 6 (**Operation of the Scheme**) of the Scheme, this Article 153 shall cease to be of any effect.”

By order of the Board

Alan Smith
Chairman

Registered Office:

c/o A Share & Sons Limited
45-49 Villiers Street, Sunderland
SR1 1HA

29 November 2023

Notes

1. ScS Shareholders entitled to attend and vote at the General Meeting may appoint one or more proxies (who need not be shareholders) to exercise all or any of their rights to attend, speak and vote on their behalf. More than one proxy may be appointed, provided that each proxy is appointed to exercise rights attached to different shares. If you do not have a WHITE Form of Proxy and believe that you should have one, or if you require additional Forms of Proxy, please contact the Shareholder Helpline on +44 (0)371 384 2050. Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday (except English and Welsh public holidays). Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Please ensure the country code is used. Please note that calls are recorded for security and training purposes and the Shareholder Helpline operators cannot provide advice on the merits of the Scheme or the Acquisition, nor give financial, tax, investment or legal advice.
2. Completion and return of a WHITE Form of Proxy shall not prevent a ScS Shareholder from attending and voting in person at the General Meeting or any postponement or adjournment thereof.
3. In order to be valid, a proxy appointment must be returned (together with any authority under which it is executed or a copy of the authority certified in ink by a bank, a stockbroker or a solicitor) by one of the following methods:
 - (a) by post, in the pre-paid envelope enclosed with the WHITE Form of Proxy if it is being posted from the United Kingdom or, if it is being posted from outside the United Kingdom, in an envelope, with the postage paid, to Equiniti, Aspect House, Spencer Road, Lancing, BN99 6DA; or
 - (b) by email to proxyvotes@equiniti.com; or
 - (c) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice of Meeting; or
 - (d) in the case of institutional investors, you may be able to appoint a proxy electronically via the Proxymity platform at www.proxymity.io.

The appointment of a Court Meeting proxy must formally be received by ScS's Registrars by no later than 10.30 a.m. on 19 December 2023.

The appointment of a General meeting proxy must formally be received by ScS's Registrars by no later than 10.45 a.m. on 19 December 2023.

In the event of a postponement or an adjournment of the General Meeting, the WHITE Form of Proxy should be returned no later than 48 hours (excluding any part of such 48-hour period falling on a non-working day) before the time and date set for the postponed or adjourned meeting. If the WHITE Form of Proxy is not returned so as to be received by the time mentioned above and in accordance with the instructions on the WHITE Form of Proxy, it will be invalid.

4. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy WHITE Form of Proxy and would like to change the instructions using another hard copy WHITE Form of Proxy, please contact ScS's Registrars. The deadline for receipt of proxy appointments also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others. If the Company is unable to determine which is last sent, the one which is last received shall be so treated. If the Company is unable to determine either which is last sent or which is last received, none of them shall be treated as valid in respect of the relevant share(s).
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (CREST proxy instruction) must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Equiniti (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the Notice of General Meeting. For this purpose, the time of receipt shall be taken as the time (as determined by the timestamp applied to the message by the CREST applications host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

ScS may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by ScS and approved by Equiniti. For further information regarding Proxymity, please go to www.proxymity.io.

Your proxy must be lodged by 10.45 a.m. on 19 December 2023 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

Nominated Persons

6. Any person who is not a member of the Company, but has been nominated under section 146 of the Companies Act by a member of the Company (the "**relevant member**") to enjoy information rights, (the "**nominated person**") does not have a right to appoint any proxies under note 1 above. A nominated person may have a right under an agreement with the relevant member to be appointed or to have somebody else appointed as a proxy for the meeting. If a nominated person does not have such a right, or has such a right and does not wish to exercise it, they may have a right under an agreement with the relevant member to give instructions as to the exercise of voting rights.

Corporate Representatives

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

Entitlement to attend and vote

8. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company as at 6.30 p.m. on 19 December 2023 (or if the meeting is postponed or adjourned, 6.30 p.m. on the date which is 48 hours (excluding any part of a day that is not a Business Day) before the time fixed for any such postponed or adjourned meeting). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Vote withheld

9. The "Vote Withheld" option is provided to enable you to abstain on the specified resolutions. However, it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" the specified resolution.

Poll vote

10. Voting on the resolution at this meeting will be taken on a poll rather than on a show of hands, so as to reflect accurately the view of all of the Company's shareholders by ensuring that every vote is recognised, including the votes of shareholders who are unable to attend the meeting but who have appointed a proxy. On a poll, each shareholder has one vote for each share held.

Electronic address

11. You may not use any electronic address provided either in this notice or in any related documents (including the enclosed Forms of Proxy) to communicate with the Company for any purposes other than those expressly stated.

Joint holders

12. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.

Shareholders' right to ask questions

13. Any member attending the meeting has a right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
14. For those not able to attend in person, there is also an opportunity to provide any comments or questions on the business of the general meeting. These can be submitted by e-mail to scs@buchanan.uk.com who will consider all questions received from shareholders by the end of the day before the meeting and, if appropriate, provide a response directly or through our website www.scsplc.co.uk
15. Except as provided previously in this notice, shareholders who have general queries about the General Meeting should use the following means of communication (no other methods of communication will be accepted):
 - (a) calling the Shareholder Helpline on +44 (0)371 384 2050; or
 - (b) by post to Equiniti, Aspect House, Spencer Road, Lancing, BN99 6DA.

Calls from outside the UK will be charged at applicable international rates. Please ensure the country code is used. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that Equiniti cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

Documents available for inspection

16. A copy of this notice, and other information required by section 311A of the Companies Act, can be found at www.scsplc.co.uk.
17. Copies of the Company's existing articles of association as proposed to be amended by the special resolutions set out in this notice are available for inspection at www.scsplc.co.uk/investors/offer-for-scs-group-plc/ and the registered address of ScS at c/o A Share & Sons Limited, 45-49 Villiers Street, Sunderland, SR1 1HA, during normal business hours on any weekday (excluding Saturdays, Sundays and English and Welsh public holidays), until the opening of business on the day on which the meeting is held, and will also be available for inspection at the place of the meeting for at least 15 minutes prior to and during the meeting.

Issued share capital and total voting rights

18. As at close of business on 28 November 2023 (being the Latest Practicable Date), the Company's issued share capital consisted of 33,954,674 ordinary shares, carrying one vote each. The total voting rights in the Company as at close of business on 28 November 2023 were 33,900,677 (which excludes 53,997 ordinary shares held by the Group for the benefit of its Employee Benefit Trust).

