

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. THIS DOCUMENT CONTAINS A PROPOSAL WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE TRADING OF ORDINARY SHARES ON THE AIM MARKET OF THE LONDON STOCK EXCHANGE.

If you are in any doubt about the contents of this document or about what action to take, you are recommended immediately to seek your own professional advice from your stockbroker, solicitor, accountant or other financial adviser duly authorised under the Financial Services and Markets Act 2000 who specialises in advising upon investments in shares and other securities.

If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document but not the accompanying personalised Form of Proxy or Tender Form at once to the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. If you have sold part only of your holding of Ordinary Shares, please contact the bank, stockbroker or other agent through whom the sale or transfer was effected as to the actions you should take.

The availability of the Tender Offer to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Persons who are not resident in the United Kingdom should read the paragraph headed "Overseas Shareholders" set out in Part II of this document and should inform themselves about, and observe, any applicable legal or regulatory requirements. Any failure to comply with any prevailing restrictions may constitute a violation of the securities laws of such jurisdictions. These documents should not, however, be sent into any Restricted Jurisdiction.

The Directors of the Company whose names appear on page 12 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.



Stilo International Plc

*(Incorporated in England & Wales under the Companies Act 1985 with
Registered No. 3893693)*

Proposals for:

Cancellation of admission of Ordinary Shares to trading on AIM

Buyback of 15,265,359 Ordinary Shares at 1 pence per share

**Tender Offer to purchase up to 14,734,641 Ordinary Shares at 1
pence per share**

Re-registration as a private limited company

Adoption of New Articles

and

Notice of General Meeting

SPARK Advisory Partners Limited ("**SPARK**"), which is authorised and regulated by the Financial Conduct Authority, is acting exclusively for the Company and no-one else in connection with the De-Listing and Tender Offer and is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to its clients or for advising any other person on the contents of this document or any matter, transaction or arrangement referred to therein. SPARK makes no representation or warranty, express or implied, as to the contents of this document and SPARK does not accept any liability whatsoever for the accuracy of or opinions contained (or for the omission of any material information) in this document and shall not be responsible for the contents of this document. Nothing in this paragraph shall serve to exclude or limit any responsibilities which SPARK may have under FSMA or the regulatory regime established thereunder.

You are recommended to read the whole of this document. In particular, your attention is drawn to the letter to Shareholders from the Chairman of the Company set out in Part I of this document which explains the background to and reasons for the Proposals and which contains a recommendation from the Directors that you vote in favour of the Resolutions to be proposed at the GM.

The Tender Offer will close at 1.00 pm on 13 September 2019, unless extended by means of an announcement through a Regulatory Information Service and will only be available to Qualifying Shareholders. The procedure for tendering your Ordinary Shares is set out in Part II of this document. If you wish to sell Ordinary Shares held in certificated form under the Tender Offer, you should complete the Tender Form, once you receive it, in accordance with the instructions set out in Part II of this document and those set out on the Tender Form and return it, together with your share certificate(s), to the Receiving Agent, Neville Registrars Limited ("Neville Registrars"), Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD by hand (during normal business hours only) to Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD so as to be received by no later than 1.00 pm on 13 September 2019. Acceptances of the Tender Offer in respect of Ordinary Shares held in uncertificated form (i.e. in CREST) should be made electronically through CREST so that the TTE Instruction settles no later than 1.00 pm on 13 September 2019.

The Proposals described in this document are conditional, *inter alia*, on the approval of Shareholders at the General Meeting. Notice of the General Meeting to be held at 11.00 am on 30 September 2019 at the offices of RSM UK Audit LLP, 25 Farringdon Street, London EC4A 4AB is set out at the end of this document. Shareholders will find enclosed the Proxy Form for use at the General Meeting. The Proxy Form should be completed, signed and returned to the Company's Receiving Agent, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received no later than 48 hours before the General Meeting. The completion and return of a Form of Proxy will not affect your right to attend and vote in person at the General Meeting or any adjournment thereof, if you wish to do so. Copies of this document will be available free of charge during normal business hours on any Business Day at the offices of the Company's solicitors, Bates Wells, 10 Queen Street Place, London EC4R 1BE from the date of this document until close of business on 30 September 2019 and at the Company's website, www.stilo.com

Information regarding forwarding-looking statements

This document contains a number of forward-looking statements relating to the Company. The Company considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Company to differ materially from the information as presented in the relevant forward-looking statement. When used in this document the words "estimate", "project", "intend", "aim", "anticipate", "believe", "expect", "should", and similar expressions, as they relate to the Company or the management of it, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. The Company does not undertake any obligation publicly to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under applicable laws, the AIM Rules and other regulations.

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EXPECTED TIMETABLE

Announcement of proposed De-Listing and Tender Offer, posting of this document, Proxy Form and Tender Form to Shareholders and Tender Offer opens	Friday 23 August 2019
Closing of Tender Offer - Latest time and date for receipt of Tender Forms and TTE Instructions in relation to the Tender Offer	1.00 pm on Friday 13 September 2019
Record Date for Tender Offer	6.00 pm on Friday 13 September 2019
Announcement of results of Tender Offer	Monday 16 September 2019
Purchase Contract and Brewin Nominees Purchase Contracts available for inspection	From Monday 16 September to Monday 30 September 2019
Latest date for receipt of Proxy Form (to be received no later than 48 hours before the General Meeting)	Saturday 28 September 2019
General Meeting	11.00 am on Monday 30 September 2019
Announcement of the results of General Meeting	Monday 30 September 2019
Purchase of Tender Offer Shares and Brewin Nominees Shares	Thursday 3 October 2019
Cancellation of Tender Offer Shares and Brewin Nominees Shares	Thursday 3 October 2019
Despatch of cheques for Tender Offer proceeds	Thursday 3 October 2019
CREST accounts credited with Tender Offer proceeds and proceeds of acquisition of Brewin Nominees Shares	Thursday 3 October 2019
Despatch of share certificates in respect of any revised holdings of Ordinary Shares following the Tender Offer, and any Ordinary Shares held in CREST not tendered pursuant to the Tender Offer	Thursday 3 October 2019
De-Listing and cancellation of admission of the Ordinary Shares to trading on AIM	Tuesday 8 October 2019
Re-registration of the Company as a private limited company	Tuesday 29 October 2019

If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service.

All times are references to London time.

All events in the above timetable following the GM are conditional, inter alia, upon the approval of the Resolutions.

The De-Listing requires the approval of not less than 75 per cent. of the votes cast by Shareholders at the General Meeting.

DIRECTORS AND ADVISERS

Directors	David Ashman Les Burnham Liam O'Donoghue all of: Regus House Windmill Hill Business Park Whitehill Way Swindon Wiltshire SN5 6QR	Non-Executive Chairman Executive Director Non-Executive Director
Company Secretary	Liam O'Donoghue, of: Regus House Windmill Hill Business Park Whitehill Way Swindon Wiltshire SN5 6QR	
Registered office	Regus House Windmill Hill Business Park Whitehill Way Swindon Wiltshire SN5 6QR	
Nominated Adviser	SPARK Advisory Partners Ltd 5 St John's Lane London EC1M 9BH	
Broker	SI Capital Ltd 46 Bridge Street Godalming GU7 1HL	
Legal advisers to the Company	Bates Wells 10 Queen Street Place London EC4R 1BE	
Registrars	Link Asset Services The Registry 34 Beckenham Road Beckenham BR3 4TU	
Receiving Agent	Neville Registrars Limited Neville House Steelpark Road Halesowen West Midlands B62 8HD	

DEFINITIONS

The following shall apply throughout this document unless the context otherwise requires:-

"Act"	the Companies Act 2006
"AIM"	a market operated by the London Stock Exchange
"AIM Rules"	the "AIM Rules for Companies" published by the London Stock Exchange from time to time
"Articles"	the articles of association of the Company, as amended from time to time
"BDS Nominees"	BDS Nominees Limited of 12 Smithfield Street, London, EC1A 9BD
"Board"	the board of directors of the Company, as set out on page 12
"Brewin Nominees"	Brewin Nominees Limited of 12 Smithfield Street, London, EC1A 9BD
"Brewin Nominees Purchase Contracts"	the conditional contracts dated 22 August 2019 and made between the Company and each of (1) Brewin Nominees, (2) BDS Nominees and (3) Giltspur Nominees in respect of the proposed purchase by the Company of the Brewin Nominees Shares
"Brewin Nominees Shares"	the 15,265,359 Ordinary Shares, being all of the Ordinary Shares in the Company that are registered in the names of Brewin Nominees (holding 11,708,523 Ordinary Shares), BDS Nominees (holding 712,906 Ordinary Shares) and Giltspur Nominees (holding 2,843,930 Ordinary Shares)
"Business Day"	a day, not being a public holiday, Saturday or Sunday on which clearing banks in London are open for business
"Buyback"	the buyback of the Brewin Nominees Shares pursuant to the terms of the Brewin Nominees Purchase Contracts
"Certificated Shareholder"	a holder of Ordinary Shares in certificated form
"certificated" or "in certificated form"	not in uncertificated form (that is, not in CREST)
"Company"	Stilo International Plc
"Completion Date"	on or around 3 October 2019

"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
"CREST Manual"	the CREST Manual published by Euroclear
"CREST Member"	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations)
"CREST Participant"	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 001/3755)
"CREST Sponsor"	a CREST Participant admitted to CREST as a CREST sponsor
"CREST Sponsored Member"	a CREST Member admitted to CREST as a CREST sponsored member
"Current Articles"	the articles of association of the Company at the date of this document
"De-Listing"	the cancellation of admission of the Ordinary Shares to trading on AIM
"Director Concert Party"	the Directors and connected and associated parties, being , Mrs J D Ashman, Mr J Ashman, Miss S Ellicott, Mrs J C Hamilton and CD Ashman
"Directors"	the directors of the Company (each being a "Director")
"Disclosure Guidance and Transparency Rules"	the Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority from time to time
"Euroclear"	Euroclear UK & Ireland Limited
"Form of Proxy" or "Proxy Form"	the individual form of proxy enclosed with this document for use by Ordinary Shareholders in connection with the General Meeting
"FSMA"	the Financial Services and Markets Act 2000, as amended from time to time
"General Meeting" or "GM"	the general meeting of the Company convened for 11.00 am on 30 September 2019, notice of which is set out at the end of this document (including any

	adjournment of such meeting)
"Giltspur Nominees"	Giltspur Nominees Limited of 12 Smithfield Street, London, EC1A 9BD
"Group"	the Company and its subsidiary undertakings (as defined in the Act)
"HMRC"	Her Majesty's Revenue & Customs
"London Stock Exchange"	London Stock Exchange plc
"New Articles"	the new articles of association of the Company to be adopted following the passing of Resolution number 3 at the General Meeting
"Notice of General Meeting"	the Notice of General Meeting set out at the end of this document
"Ordinary Shareholders"	holders of Ordinary Shares
"Ordinary Shares"	ordinary shares of 1 pence each in the capital of the Company
"Overseas Shareholders"	Shareholders who are resident in, or citizens of, a jurisdiction or territory outside of the United Kingdom (each being an "Overseas Shareholder");
"Participant ID"	the identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant
"Proposals"	the Tender Offer, the De-Listing, the Buyback, the buyback of Ordinary Shares pursuant to the Tender Offer, the Re-registration and the adoption of the New Articles, all as described in this document
"Purchase Contract"	the contract in respect of the purchase by the Company of Ordinary Shares tendered to it pursuant to the Tender Offer
"Qualifying Shareholders"	Shareholders who are entitled to participate in the Tender Offer, being Shareholders on the Register at the Record Date save for: <ul style="list-style-type: none"> (a) Shareholders located in a Restricted Jurisdiction; and (b) in respect of Shareholders who have provided an undertaking to tender in respect of part only of their holdings of Ordinary Shares, such Shareholders but only in respect of the

Ordinary Shares which are not subject to any such undertaking)

"Registrar"	Link Asset Services, of The Registry, 34 Beckenham Road, Beckenham BR3 4TU
"Receiving Agent" or "Escrow Agent"	Neville Registrars Limited, of Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD
"Record Date"	6.00 pm on 13 September 2019
"Register"	the register of members of the Company
"Re-registration"	the re-registration of the Company as a private limited company and the consequential adoption of the New Articles
"Regulatory Information Service"	has the meaning given to it in the AIM Rules for Companies
"Resolutions"	the resolutions to be tabled at the General Meeting
"Restricted Jurisdiction"	each of the United States, Canada, Australia, New Zealand, South Africa or Japan and any other jurisdiction where the extension or acceptance of the Tender Offer or where sending or making available information concerning the Tender Offer to Shareholders in such jurisdiction would violate the laws or regulations of that jurisdiction or may result in a risk of civil, regulatory or criminal penalties if information concerning the Tender Offer is sent or made available to a Shareholder of that jurisdiction
"Shareholders"	the holders of Ordinary Shares and "Shareholder" shall mean any one of them
"SPARK"	SPARK Advisory Partners Limited of 5 St John's Lane, Farringdon, London EC1M 4BH
"Takeover Code"	the City Code on Takeovers and Mergers
"Tender" and "Tendered"	refers to the tenders by Shareholders of Ordinary Shares pursuant to the Tender Offer
"Tender Conditions"	the conditions to completion of the Tender Offer set out in Part II of this document
"Tender Form"	the form enclosed with this document for use by Qualifying Shareholders who hold Ordinary Shares in certificated form for use in connection with the Tender Offer

"Tender Offer"	the invitation by the Company to Qualifying Shareholders to tender Ordinary Shares for sale to the Company on the terms and subject to the conditions set out in this document and also, in the case of Ordinary Shares held in certificated form, the Tender Form
"Tender Offer Shares"	up to 14,734,641 Ordinary Shares to be acquired by the Company upon completion of the Tender Offer
"Tender Offer Closing Date"	the closing date of the Tender Offer, being 13 September 2019 or such other date as may be notified through a Regulatory Information Service in accordance with the terms of the Tender Offer
"Tender Offer Price"	1 pence per Ordinary Share
"TFE Instruction"	a Transfer from Escrow Instruction (as defined in the CREST Manual) made in respect of Ordinary Shares
"TTE Instruction"	a Transfer to Escrow Instruction (as defined in the CREST Manual) made in respect of Ordinary Shares
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"uncertificated" or "in uncertificated form"	recorded on a register of securities maintained by Euroclear in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"Undertakings"	the undertakings and consents received by the Company from certain Shareholders to vote in favour of the Resolutions, details of which are set out in paragraph 5 of Part I of this document
"United States"	the United States of America

All references in this document to specified times are to London time.

All references in this document to "£" or "pence" are to the lawful currency of the United Kingdom.

All references to legislation in this document are to English legislation unless the contrary is indicated.

PART I

LETTER FROM THE CHAIRMAN OF STILO INTERNATIONAL PLC



(Registered in England and Wales, Registered No. 3893693)

David Ashman *(Non-Executive Chairman)*
Leslie Burnham *(Chief Executive Officer)*
Liam O'Donoghue *(Non-Executive Director)*

Stilo International Plc
Regus House
Windmill Hill,
Business Park
Whitehill Way,
Swindon,
Wiltshire, SN5 6QR

Dear Shareholder

Proposals for:
Cancellation of admission of Ordinary Shares to trading on AIM
Buyback of 15,265,359 Ordinary Shares at 1 pence per share
Tender Offer to purchase up to 14,734,641 Ordinary Shares at 1 pence per share
Re-registration as a private limited company
Adoption of New Articles
and
Notice of General Meeting

1. **Introduction**

The Company announced today its proposals to:

- cancel the admission of its Ordinary Shares to trading on AIM;
- buyback 15,265,359 Ordinary Shares in aggregate from Brewin Nominees, BDS Nominees and Giltspur Nominees;
- provide Qualifying Shareholders with an opportunity to realise all or some of their investment in the Company by accepting the Tender Offer under which the Company will conditionally offer to purchase up to 14,734,641 Ordinary Shares at 1 pence per Ordinary Share; and
- re-register as a private limited company and amend the Company's Articles.

This letter sets out the background to and reasons for, and provides further details of, the Proposals including the terms and conditions of and the procedure for participating in the Tender Offer, details of which can be found in the accompanying Tender Offer Form.

Implementation of the Proposals, including the Tender Offer, is conditional, *inter alia*, upon all of the Resolutions being passed at the GM to be held at 11.00 am on 30 September 2019. The Notice of General Meeting convening the General Meeting at which the Resolutions will be proposed is set out at the end of this document.

Shareholders should note that the Company has received undertakings to vote in favour of Resolution 1 in respect of 19,187,000 Ordinary Shares (representing approximately 19.45 per cent. of the Ordinary Shares entitled to vote on this resolution) and in favour of Resolutions 2 to 4 in respect of 19,187,000 Ordinary Shares (representing approximately 16.84 per cent. of the Ordinary Shares in issue as at the date of this document).

Shareholders should note that unless all the Resolutions are approved at the General Meeting, the Tender Offer will not take place and the De-Listing will not occur as currently proposed.

2. De-Listing

2.1 *Reasons for the De-Listing*

The Board has conducted a review of the benefits and drawbacks to the Group retaining its listing on AIM and maintaining its existing corporate structure. The Board believes that the De-Listing is in the best interests of the Company and its Shareholders as a whole. In reaching this conclusion, the Board has considered the following key factors:

- there is, and has been for some time, a lack of liquidity in the Ordinary Shares such that there is a very limited market for the Ordinary Shares;
- there is limited trading of the Ordinary Shares. Over the past 12 months 22,970,000 Ordinary Shares were traded representing approximately 20.2 per cent. of the issued share capital and giving an average daily volume of approximately 91,150 Ordinary Shares;
- the Company estimates that it could save annualised costs of at least £120,000, being incremental costs resulting from the Company being a plc with a listing on AIM – this includes fees payable to Brokers, the Nominated Adviser, the Registrar and AIM as well as incremental legal accounting and auditing fees, and time spent by the Board on dealing with continuing obligations associated with Stilo being on the AIM market. These specific annualised costs are seen as significant in the context of Stilo's financial results: a pre-tax profit of £139,000 in the year ended 31 December 2018 and (unaudited) pre-tax loss of £29,000 in the 6 months ended 30 June 2019;
- accordingly, the costs associated with maintaining the AIM quotation are considered by the Directors to be disproportionately high when compared to the benefits of being listed on AIM, even though these costs have been, so far as reasonably possible, controlled and minimised by the Company. The Board believes that these funds could be better utilised for the benefit of the Company;

- one of the main benefits of a company being listed on AIM is to issue new shares to raise additional funds for investment or to issue new shares as consideration for acquisitions. The Board has not utilised its shares for such purposes for over 10 years. The Board's strategy is to continue to grow organically and has no present intention of issuing shares to either raise new funds for investment or for acquisition;
- the management time and the legal and regulatory burden associated with maintaining the Company's admission to trading on AIM is, in the Directors' opinion, disproportionate to the benefits to the Company;
- the Directors believe that the Company's AIM-quoted status – in which the Company has a tangible share price and hence a perceived “value” - has presented a significant barrier, in practice, in advancing M&A discussions with potential acquisition candidates. Additionally, the Board's experience is that many privately-owned companies are not attracted by the prospect of acquiring, or becoming part of, a publicly traded company. The Directors believe that if the Company was off the market, it might be possible to command a much higher company valuation than that which is currently reflected in our share price.

2.2 ***Effect of De-Listing***

The principal effects of the De-Listing will be that:

- Shareholders will no longer be able to buy and sell Ordinary Shares through a public stock market, further reducing the liquidity in the Ordinary Shares;
- the Company will no longer be required to announce material events or interim results through a regulatory news service, although the Company will continue to release important news through its website;
- the Company will adopt the New Articles, but will otherwise no longer be required to comply with many of the corporate governance requirements applicable to companies traded on AIM;
- the Company will no longer be subject to the Disclosure Guidance and Transparency Rules and will therefore no longer be required to disclose major shareholdings in the Company;
- the Company will no longer be subject to the AIM Rules, with the consequence that Ordinary Shareholders will no longer be afforded the protections given by the AIM Rules. Such protections include a requirement to obtain shareholder approval for reverse takeovers and fundamental changes in the Company's business and to announce, *inter alia*, certain substantial and/ or related party transactions; and
- the De-Listing may have taxation consequences for Shareholders. Shareholders should review Part III of this document and if they are in any doubt about their tax position they should consult their own professional independent adviser immediately.

Shareholders should note that the Takeover Code will continue to apply to the Company following the De-Listing for a period of ten years (or such longer period as the Company shall decide). The Company will also continue to be bound by the Act (which requires shareholders' approval for certain matters) following the De-Listing.

2.3 ***De-Listing Process***

Under the AIM Rules, the De-Listing can only be effected by the Company after securing a special resolution of Shareholders in a general meeting and the expiry of a period of 20 clear Business Days from the date on which notice of the De-Listing is given to the London Stock Exchange. This notice was given today. In addition, a period of at least five clear Business Days following Shareholders' approval of the De-Listing is required before the De-Listing may become effective. The Resolutions seek (amongst other matters) the approval of Shareholders for the De-Listing. Assuming that the Resolutions are approved, it is proposed that the De-Listing will take place by 8.00 am on 8 October 2019.

2.4 ***Ordinary Share dealing following De-Listing***

In order to facilitate continued trading in the Ordinary Shares, the Company will consider engaging a third party provider to supply share registrar services and a share matching facility. Shareholders will be advised on any updates in this regard and details will also be communicated on the Company's website: www.stilo.com.

Until such time, following the De-Listing, there will be no market facility for dealing in the Ordinary Shares, no price will be publicly quoted for the Ordinary Shares and the transfer of Ordinary Shares will be subject to the provisions of the New Articles.

2.5 ***New Articles and Corporate Governance***

Following the De-Listing, the Company proposes to adopt corporate governance practices and the New Articles which are suitable for an unlisted company. The principal effects of Re-registration and the adoption of the New Articles on the rights and obligations of Shareholders and the Company are summarised in Part V of this document.

The proposed revised New Articles will be available to download from the Company's website www.stilo.com.

3. **Brewin Nominees Purchase Contracts**

3.1 Holding 13.40 per cent of the voting rights, Brewin Nominees, BDS Nominees and Giltspur Nominees have agreed to support the Company's De-Listing on the basis that the Company will buy back the Brewin Nominees Shares at the Tender Offer Price.

3.2 On 22 August 2019, the Company and each of Brewin Nominees, BDS Nominees and Giltspur Nominees entered into the Brewin Nominees Purchase Contracts, pursuant to which the Company has conditionally agreed to purchase the Brewin Nominees Shares at the Tender Offer Price. The Company's purchase of the Brewin Nominees Shares pursuant to the Brewin Nominees Purchase Contracts is, *inter alia*, conditional on the Brewin Nominees Purchase Contracts being authorised by a shareholders' resolution (Resolution 1), at which Brewin Nominees, BDS Nominees and Giltspur Nominees will not vote their

shares. A Resolution (Resolution 1) to approve the terms of the Brewin Nominees Purchase Contracts at the General Meeting is set out in the Notice of General Meeting.

- 3.3 Pursuant to the provisions of the Act, a copy of the Brewin Nominees Purchase Contracts must be made available for inspection at the Company's registered office by the Shareholders at least 15 days prior to the General Meeting. A copy of the Brewin Nominees Purchase Contracts will be available for inspection at the Company's registered office from 16 September 2019. A copy of the Brewin Nominees Purchase Contracts will also be available for inspection at the General Meeting.
- 3.4 The purchase of the Brewin Nominees Shares will be financed out of the Group's existing cash reserves and working capital resources and will be paid out of the Company's distributable reserves, and the Company has today arranged for unaudited interim accounts for the six month period ended 30 June 2019 which were notified by Regulatory Information Service today to be filed with the Registrar of Companies in England and Wales as the relevant properly prepared accounts for the purposes of determining the level of distributable reserves in accordance with sections 836 and 838 of the Act. As at 30 June 2019 the Company had (unaudited) cash balances of £1.095 million.
- 3.5 Brewin Nominees Limited, BDS Nominees and Giltspur Nominees are shown as the registered or legal holder of in aggregate 15,265,359 shares on the Company's share register. It is understood that there are around 196 underlying beneficial shareholders, being discretionary clients of Brewin Dolphin. As this legal holding is in excess of 10% of Stilo's issued share capital, Brewin Nominees, BDS Nominees and Giltspur Nominees are classed as a related party, and the entering into of the Brewin Nominees Purchase Contracts is a related party transaction under the AIM Rules for Companies (AIM Rule 13).
- 3.6 As such the Independent Directors have considered the terms of the Brewin Nominees Purchase Contracts, and note the following:
- The Proposals have been prepared in order to facilitate a De-Listing of the Company which the Directors strongly believe, for reasons set out in paragraph 2.1 above, is important for the Company to achieve.
 - Having discussed this with major Shareholders it became clear that the manager of Brewin Nominees, BDS Nominees and Giltspur Nominees would not be supportive of a De-Listing resolution unless a mechanism could be found for the underlying shareholders within Brewin Nominees, BDS Nominees and Giltspur Nominees to sell their shares. A tender offer on its own would not be sufficient to ensure that all of the Brewin Nominees', BDS Nominees' and Giltspur Nominees' holdings could be disposed of, therefore the current structure of the Proposals was deemed to be the best way of achieving the goal.
 - As major Shareholders (owning 16.8% directly, and 25.5% including connected and associated parties) those members of the Board holding shares are prepared to limit their participation in the Tender Offer (subject to the requirements of paragraph 5 "Takeover Code, Director Concert Party and Undertakings" below to ensure that the aggregate Director Concert Party shareholding does not exceed 30% of the issued share capital at any time) such that other Shareholders are able, should they wish, to sell more than their *pro rata* entitlement in the Tender Offer.

- Importantly, and notwithstanding the fact that the Company has an existing authority (approved by Shareholders at the most recent AGM) to undertake market purchases of up to 10% of the current issued share capital, the Board has determined to make the Buyback of the Brewin Nominees Shares subject to the vote of independent Shareholders (i.e. in a resolution on which Brewin Nominees, BDS Nominees and Giltspur Nominees are unable to vote their shares), alongside a tender offer which provides all other Shareholders the opportunity to sell some of their shares.

As such the Buyback (and the Tender Offer) will only proceed if Shareholders approve all the Resolutions at the General Meeting.

3.7 Taking all these factors into account, the Directors, having consulted with SPARK, the Company's nominated adviser, consider that the terms of the Brewin Nominees Purchase Contracts to be fair and reasonable insofar as Shareholders are concerned.

4. **Tender Offer**

The Board recognises that not all Ordinary Shareholders will be able or willing to continue to own Ordinary Shares following the De-Listing. Subject to the Tender Conditions being satisfied, Qualifying Shareholders will therefore have the opportunity to tender all or some of their Ordinary Shares at the Record Date pursuant to the Tender Offer.

Under the Tender Offer, the Company will purchase up to 14,734,641 Ordinary Shares (representing approximately 14.93 per cent. of the Company's existing issued ordinary share capital, following the Buyback of the Brewin Nominees Shares) from Qualifying Shareholders at 1 pence per share. The Tender Offer Price represents:

- a discount of approximately 31 per cent. over the closing mid-market price of an Ordinary Share on 22 August 2019, being the last dealing day before the date of this document, being 1.45 pence; and
- a discount of approximately 23 per cent. over the 30 day volume weighted average share price of an Ordinary Share on 22 August 2019, being the last dealing day before the date of this document, being 1.296 pence.

Any Ordinary Shares purchased by the Company will be cancelled. The Tender Offer is open to Shareholders on the register of the Company at 6.00 pm on 13 September 2019.

The purchase of the Tender Offer Shares will be financed out of the Group's existing cash reserves and working capital resources and will be paid out of the Company's distributable reserves. The interim accounts for the six month period ended 30 June 2019 are the relevant properly prepared accounts for the purposes of determining the level of distributable reserves in accordance with sections 836 and 838 of the Act.

Qualifying Shareholders may tender some, all, or none of their holdings pursuant to the Tender Offer. A maximum of 14,734,641 Ordinary Shares may be purchased in the Tender Offer. This represents 14.93 per cent of the Ordinary Shares in issue, following the Buyback of the Brewin Nominees Shares.

Tenders will be accepted (and if the Tender Offer is over-subscribed, the tenders will be scaled back) on the following basis:

- (a) first, 14.93 per cent of all tenders from the Qualifying Shareholders will be satisfied (with the number of Ordinary Shares being rounded down to the nearest whole number); and
- (b) second, the balance of the remaining tenders from the Qualifying Shareholders will be satisfied on a *pro rata* basis to the number of Ordinary Shares tendered by the remaining tenders from the Qualifying Shareholders (with the number of Ordinary Shares being rounded down to the nearest whole number).

The decision of the Company as to the treatment of fractions or other issues arising from any scaling back will be conclusive and binding on all Shareholders.

Qualifying Shareholders who elect not to tender their holdings pursuant to the Tender Offer will, on completion of the De-Listing, hold Ordinary Shares in a private limited company. Furthermore, as set out in paragraph 2.4 above, there will be no market facility for dealing in the Ordinary Shares, no price will be publicly quoted for the Ordinary Shares and the transfer of Ordinary Shares will be subject to the provisions of the New Articles.

Full details of the Tender Offer are set out in Part II of this document. **The Tender Offer is conditional, *inter alia*, on all other Resolutions being passed at the GM.**

The Tender Offer will not proceed if any of the conditions specified in paragraph 1 of Part II of this document are not satisfied and the Tender Offer may be terminated in the circumstances described in paragraph 22 of Part II of this document. If the Tender Offer does not proceed or is terminated once it is made, the Company will make an announcement through a Regulatory Information Service.

The attention of Qualifying Shareholders who are citizens or nationals of or resident in jurisdictions outside the United Kingdom and who wish to participate in the Tender Offer are drawn to the section headed "Overseas Shareholders" in Part II of this document. The Tender Offer is not being made, directly or indirectly, in or into any Restricted Jurisdiction.

5. **Takeover Code, Director Concert Party and Undertakings**

The Takeover Code applies to the Company.

Under Rule 9 of the Takeover Code where: (i) any person acquired an interest in shares (as defined in the Takeover Code) which, when taken together with shares in which he or persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code; or (ii) any person who, together with persons acting in concert with him, is interested in not less than 30 per cent. but does not hold shares carrying more than 50 per cent. of the voting rights of a company subject to shares which increase his percentage of the voting rights, such persons are normally obliged to make a general offer to all the remaining shareholders to purchase, in cash, their shares at the highest price paid by him, or any person acting in concert with him, within the preceding 12 months.

For the purposes of the Takeover Code, persons acting in concert comprise persons who, pursuant to an agreement or undertaking (whether formal or informal), actively co-operate, through the acquisition by them of shares in a company, to obtain or consolidate control of that company. The Director Concert Party, which includes Chief Executive Les Burnham, Chairman David Ashman and persons connected or associated with them, are deemed to

be acting in concert for the purposes of the Takeover Code and as at the date of this document is interested in 25.53 per cent. of the Ordinary Shares in the Company.

To ensure that that the Director Concert Party will not be required to make a general offer cash to the remaining shareholders in the Company as a result of the Company's buyback of the Brewin Nominees Shares and the Tender Offer, the Directors have undertaken to participate in the Tender Offer and Tender such number of Ordinary Shares to ensure that on completion of the Company's buyback of the Brewin Nominees Shares and the purchase of the Tender Offer Shares, the Director Concert Party shall have an interest in less than 30 per cent of the Ordinary Shares in the Company following the Proposals.

6. **Re-registration**

Following the De-Listing, the Board believes that the requirements and associated costs of the Company maintaining its public company status will be difficult to justify and that the Company will benefit from the more flexible requirements and lower costs associated with private limited company status. It is therefore proposed to re-register the Company as a private limited company. In connection with the Re-registration, it is proposed that the New Articles be adopted to reflect the change in the Company's status to a private limited company. Please refer to paragraph 2.5 above.

Application will be made to the Registrar of Companies for the Company to be re-registered as a private limited company. Re-registration will take effect when the Registrar of Companies issues a certificate of incorporation on Re-registration which is expected to be on 29 October 2019. The Registrar of Companies will not issue the certificate of incorporation on Re-registration until the Register of Companies is satisfied that no valid application can be made to cancel the resolution to re-register as a private limited company. Accordingly, the expected date of the Re-registration may be subject to change.

7. **Trading facility post De-Listing**

Following the De-Listing, there will be no market facility for dealing in the Ordinary Shares and no price will be publicly quoted for the Ordinary Shares. As such, holdings of Ordinary Shares are unlikely to be capable of sale and will be difficult to value.

In order to facilitate continued trading in the Ordinary Shares, the Company will consider engaging a third-party provider to supply share registrar services and a share matching facility. Shareholders will be advised on any updates in this regard and details will also be communicated on the Company's website: www.stilo.com.

In addition the Board will consider undertaking future buybacks of shares based on the Company's future cash reserves, financial condition, capital requirements and the Board's assessment of its prospects.

8. **Current Trading and Future Prospects**

The Company published its financial for the 6 months ended 30 June 2019 on 23 August 2019. Extracts are set out below:

Stilo International plc ("Stilo", the "Group" or the "Company") today announces its unaudited Interim Results for the six months ended 30 June 2019. The Company provides software

tools and cloud services that help organisations create and process structured content in XML format, so that it can be more easily stored, managed, re-used, translated and published to multiple print and digital channels.

FINANCIAL HIGHLIGHTS

- Reduction in sales revenues to £638,000 (2018: £707,000)
- Operating costs remain level £656,000 (2018: £657,000), excluding capitalised development costs for AuthorBridge of £110,000 (2018: £99,000)
- Loss before tax for the period of £29,000 (2018: £42,000 profit)
- Total comprehensive income for the period remained positive at £14,000 (2018: £5,000) subsequent to favourable foreign currency translation differences
- Cash of £1,096,000 as at 30 June 2019 (2018: £1,442,000)
- No interim dividend declared

David Ashman, Chairman, commenting on the Company's performance, stated:

“In our Trading Update of 23 May 2019 we indicated that sales were slower than planned and that a loss was expected for the half-year period.

We are currently expecting trading to continue slowly for the remainder of 2019 and need to take measures to reduce our operating costs wherever possible. Of primary importance is the proposal to de-list from AIM and re-register as a private limited company, subject to shareholders' approval. This is the subject of an associated announcement issued immediately following the release of these interim results and is expected to generate potential annualised cost savings of over £120,000. Additional cost-reduction activities include organisational and management changes that are currently underway.

The Company continues to develop high-quality software tools used by leading organisations around the world. With a reduced cost base and increased sales to be driven by the recruitment to the newly created role of VP Sales & Marketing, it is our intention to generate steady ongoing profits and resume the payment of dividends to shareholders as soon as possible.”

The directors of the Company can confirm that, since the date of publication of the interim financial results, there has been no significant change in the trading or financial position of the Company.

Following the Proposals, the Company intends to continue operating as it has done over the Company's last financial year and carry out the same activities, and retain the same business strategy, as a private company, that it did as a public company. Based on current market conditions, the Company does not envisage any significant changes to the Company's trading position once the Proposals are completed.

9. Expected Timetable of Events

The timetable of events relating to the Proposals is set out on page 4 of this document. Details regarding the time, date and location of the General Meeting in particular are set out in paragraph 10 below.

10. **Proposals to be voted on at the General Meeting**

For the purposes of effecting the Proposals, the Resolutions will be proposed at the General Meeting. Set out at the end of this document is a notice convening the General Meeting to be held at 11.00 am on 30 September 2019 at the offices of RSM UK Audit LLP, 25 Farringdon Street, London EC4A 4AB. The full texts of the Resolutions are set out in that notice.

The Resolutions, which are summarised below, are necessary for the implementation of the Proposals. Accordingly, the Directors recommend that Shareholders vote in favour of the Resolutions as they intend to do in relation to their respective shareholdings. The reasons for the recommendation in this paragraph are as set out in this document and, in particular, in paragraph 14 below.

Resolution 1

This Resolution is required for the purposes of the Brewin Nominees Purchase Contracts and the purchase of the Brewin Nominees Shares.

Resolution 1 is proposed as an ordinary resolution to approve the Brewin Nominees Purchase Contracts and to authorise the Company to, in accordance with the Act, make the purchase from Brewin Nominees, BDS Nominees and Giltspur Nominees, pursuant to the Brewin Nominees Purchase Contracts, of 15,265,359 Ordinary Shares.

Resolution 2

This Resolution is required for the purposes of the Purchase Contract and the Tender Offer.

Resolution 2 is proposed as an ordinary resolution to approve the Purchase Contract and to authorise the Company to, in accordance with the Act, to purchase pursuant to the Purchase Contract, such number of Ordinary Shares as are successfully tendered pursuant to the Tender Offer up to a maximum of 14,734,641 Ordinary Shares.

Resolution 3

This Resolution relates to the De-Listing and is proposed as a special resolution for the cancellation of the admission of the Ordinary Shares to trading on AIM.

Resolution 4

This Resolution relates to the Re-registration and the replacement of the Current Articles with the New Articles of the Company and is proposed as a special resolution.

11. **Action to be taken**

General Meeting

Shareholders will find enclosed with this document a Form of Proxy for use at the GM. The Form of Proxy should be completed and returned in accordance with the instructions printed thereon so as to arrive at the Company's Receiving Agent, Neville Registrars, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD as soon as possible and in any event not later than 11.00 am on 28 September 2019. The completion and return of a Form of

Proxy will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof, if you so wish and are so entitled.

If the Form of Proxy is not returned by 11.00 am on 28 September 2019, your vote will not count.

Tender Offer

If you are a Qualifying Shareholder and wish to participate in the Tender Offer, you should follow the procedure for tendering shares and full details of the Tender Offer, and the procedure to be followed by Qualifying Shareholders wishing to tender Ordinary Shares, are set out in Part II of this document.

The procedure for tendering Ordinary Shares on the Register at the Record Date depends on whether a Qualifying Shareholder holds Ordinary Shares in certificated or uncertificated form.

Qualifying Shareholders who hold Ordinary Shares in certificated form and who wish to tender all or some of their Ordinary Shares held at the Record Date should complete a Tender Form in accordance with the instructions set out in Part II of this document and the instructions printed on the Tender Form itself and return it, together with their share certificate(s) by post to Neville Registrars, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD or (during normal business hours only) by hand to Neville Registrars, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD as soon as possible and in any event so as to arrive by no later than 1.00 pm on 13 September 2019.

Qualifying Shareholders who hold Ordinary Shares in uncertificated form and who wish to tender all or some of their Ordinary Shares held at the Record Date should tender electronically through CREST so that the TTE Instruction settles by no later than 1.00 pm on 13 September 2019. If Ordinary Shares are held under different member account IDs, a separate TTE Instruction should be sent for each Member Account ID.

12. **Taxation**

A general guide to the tax position of Shareholders under UK law and HMRC practice in respect of the Tender Offer is set out in Part III of this document.

Shareholders should note that the information on taxation set out in Part III of this document is a general guide only and that all Shareholders are strongly advised to consult their independent professional advisers about their own personal tax position.

Shareholders are strongly advised to consult an appropriate independent professional adviser in relation to the tax treatment of any sale of Ordinary Shares pursuant to the Tender Offer. You should note that following the De-Listing the Ordinary Shares will no longer be quoted on AIM or any other public market.

13. **Further information**

Your attention is drawn to the remaining parts of this document which provide further information in relation to the Tender Offer and United Kingdom taxation.

If you have any enquiries in relation to the Tender Offer, please contact Neville Registrars Limited on 0121 585 1131 or, if calling from outside the UK, on +44 121 585 1131. Calls to this number from inside the UK are charged at your service provider's standard rate (charges may vary.) Calls to this number from outside the UK are charged at applicable international rates. Lines are open 9.00 am to 5.00 pm, Monday to Friday. Calls to the helpline number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Neville Registrars cannot provide advice on the merits of the Tender Offer or give any financial, legal or tax advice.

14. **Recommendation**

Your Directors consider the Proposals to be in the best interests of the Company and Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions.

The Directors unanimously recommend that you vote in favour of the Resolutions as they intend to do, in respect of their respective shareholdings of 19,187,000 Ordinary Shares in aggregate, representing approximately 16.84 per cent. of the Ordinary Shares currently in issue. This equates to 19.45 per cent. of the shares entitled to vote on Resolution 1, and 16.84 per cent. of the shares entitled to vote on Resolutions 2 to 4 inclusive.

Your Directors also consider it appropriate that those Qualifying Shareholders who are unable or unwilling to hold shares in the Company following the De-Listing should be given an opportunity to realise their investment under the Tender Offer; however, the Directors make no recommendation to Qualifying Shareholders in relation to their participation in the Tender Offer and recommend that all Qualifying Shareholders consult their duly authorised independent advisers before they make a decision as to whether to tender some, all, or none of their Ordinary Shares, in order to obtain advice relevant to their particular circumstances.

Yours faithfully

David Ashman
Chairman

PART II

TERMS AND CONDITIONS OF THE TENDER OFFER

Shareholders who do not wish to participate under the Tender Offer need take no action.

Introduction

Qualifying Shareholders on the Register on the Record Date are being invited to tender their Ordinary Shares for purchase by the Company on the terms and subject to the conditions set out in this document and also, in the case of certificated Ordinary Shares only, in the Tender Form. All of the Ordinary Shares purchased by the Company will be cancelled.

Terms of the Tender Offer

1. The Tender Offer is conditional upon *inter alia*, the following conditions (together the "**Tender Conditions**"):

- (a) the passing of each of the Resolutions; and
- (b) the Tender Offer not having been terminated in accordance with the following paragraph 22 of this Part II prior to 11.00 am on 30 September 2019,

(1(a) and 1(b) above together being the "**Tender Conditions**").

The Company will not purchase the Ordinary Shares pursuant to the Tender Offer unless the Tender Conditions have been satisfied. The Tender Conditions may not be waived by the Company.

If the Tender Condition is not satisfied by 11.00 am on 14 October 2019 the Tender Offer will not proceed and will lapse.

- 2. All Ordinary Shares tendered by Shareholders under the Tender Offer will be tendered at the Tender Offer Price. Ordinary Shares may not be tendered at any other price. The aggregate amount received by each Shareholder in respect of Ordinary Shares validly tendered will be rounded down to the nearest penny.
- 3. Subject to the terms of the Tender Offer, the Company will purchase Ordinary Shares tendered by Qualifying Shareholders under the Tender Offer at the Tender Offer Price on the Completion Date.
- 4. The total number of Ordinary Shares purchased pursuant to the Tender Offer will not exceed 14,734,641 Ordinary Shares (equivalent to a maximum total amount of £147,346.41).
- 5. The Tender Offer is only available to Qualifying Shareholders on the Register on the Record Date and is only being made in respect of the number of Ordinary Shares registered in those Qualifying Shareholders' names at such time.
- 6. Tender Forms once duly completed (for Ordinary Shares held in certificated form) and submitted to the Receiving Agent and TTE instructions which have settled (for Ordinary Shares held in uncertificated form) will be irrevocable and cannot be withdrawn. All

questions as to the validity (including time of receipt) will be determined by the Company, in its sole discretion, which determination shall be final and binding (except as otherwise required under applicable law).

7. The Tender Offer will close at 1.00 pm on 13 September 2019 and tenders or TTE instructions received after that time will not be accepted.
8. All documents and remittances sent by or to Shareholders and all instructions made by or on behalf of a Shareholder in CREST relating to the Tender Offer will be sent at the relevant Shareholder's own risk. If the Tender Offer does not become unconditional, or does not proceed, and lapses or it is terminated, in respect of Ordinary Shares held in certificated form, Tender Forms, certificates and other documents of title will be returned by post to Shareholders not later than 5 Business Days after the date of such lapse or termination, or, in the case of Ordinary Shares held in uncertificated form (that is, in CREST), the Receiving Agent will provide instructions to Euroclear to transfer all Ordinary Shares held in escrow by TFE instruction to the accounts to which those Ordinary Shares relate.
9. All or any part of a holding of Ordinary Shares may be tendered by Qualifying Shareholders. Only whole numbers of Ordinary Shares may be tendered and, in the event of scaling back, successful tenders will be rounded down to the nearest whole number of Ordinary Shares in accordance with paragraph 18 of this Part II.
10. Ordinary Shares successfully tendered under the Tender Offer will be purchased by the Company fully paid and free from all liens, charges, equitable interests and encumbrances and with all rights attaching to the same and will be cancelled and will not rank for any dividends, distributions or other equity related rights declared by the Company after that date.
11. All tenders of Ordinary Shares held in certificated form must be made on the Tender Form duly completed in accordance with the instructions set out on the Tender Form (which constitute part of the terms of the Tender Offer).
12. All tenders of Ordinary Shares held in uncertificated form must be made by the input and settlement of an appropriate TTE instruction in CREST in accordance with the procedure set out below and the relevant procedures in the CREST manual.
13. A tender will only be valid if the procedures contained in this document and, for Shareholders who hold Ordinary Shares in certificated form, in the Tender Form, are complied with.
14. The Tender Offer will be governed by, and construed in accordance with, English law and the delivery of a Tender Form or the giving of a TTE instruction by a Shareholder will constitute submission to the jurisdiction of the English courts.
15. The result of the Tender Offer and, if applicable, the extent to which tenders will be scaled down, is expected to be announced by the Company on 16 September 2019. A list of tendering Shareholders, together with the form of Purchase Contract, will be made available for inspection at the registered office of the Company for 15 days ending on the date of the General Meeting and the General Meeting itself.
16. If part only of a holding of Ordinary Shares is successfully tendered pursuant to the Tender Offer, the relevant Shareholder will be entitled to receive the following:

- (a) if Ordinary Shares are held in certificated form, a certificate in respect of the unsold Ordinary Shares; or
 - (b) if Ordinary Shares are held in uncertificated form (that is, in CREST), the transfer by the Receiving Agent by USE instruction to the original accounts of those unsold Ordinary Shares.
- 17. Further copies of the documents referred to in this document may be obtained on request from the Receiving Agent at Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD.
- 18. Tenders will be accepted (and if the Tender Offer is over-subscribed, the tenders will be scaled back) on the following basis:
 - (a) first, 14.93 per cent of all tenders from the Qualifying Shareholders will be satisfied (with the number of Ordinary Shares being rounded down to the nearest whole number); and
 - (b) second, the balance of the remaining tenders from the Qualifying Shareholders will be satisfied on a pro rata basis to the number of Ordinary Shares tendered by the remaining tenders from the Qualifying Shareholders (with the number of Ordinary Shares being rounded down to the nearest whole number) to ensure that the total number of Ordinary Shares purchased pursuant to the Tender Offer does not exceed 14,734,641 Ordinary Shares.

The decision of the Company as to the treatment of fractions or other issues arising from any scaling back will be conclusive and binding on all Shareholders.

- 19. All questions as to the number of Ordinary Shares tendered and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tender of Ordinary Shares under the Tender Offer will be determined by the Company, whose determination shall be final and binding on all parties except as otherwise required under applicable law. The Company reserves the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance of payment which may, in the opinion of the Company, be unlawful. The Company also reserves the absolute right to waive any of the terms or conditions of the Tender Offer (other than the Tender Conditions) and any defect or irregularity in the tender of any particular Ordinary Shares or any particular holder thereof. No tender of Ordinary Shares will be deemed to be validly made until all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the Tender Offer will not be despatched (in respect of Ordinary Shares in certificated form) or made by way of CREST payment (in respect of Ordinary Shares in uncertificated form) to the relevant Shareholder until after (in the case of Ordinary Shares in certificated form) the Tender Form is complete in all respects and the share certificate(s) and/or other document(s) of title satisfactory to the Company have been received or (in the case of Ordinary Shares in uncertificated form) the relevant TTE instruction has settled. None of the Receiving Agent, the Company, nor any other person is or will be obliged to give notice of any defects or irregularities in tenders, and none of them will incur any liability for failure to give any such notice.
- 20. Ordinary Shares will be purchased under the Tender Offer free of all commissions and dealing charges.

21. The failure of any person to receive a copy of this document or the Tender Form shall not invalidate any aspect of the Tender Offer.
22. If at any time prior to 11.00 am on 30 September 2019:
- (a) the Directors in their absolute discretion conclude that the Tender Offer would no longer be in the best interests of the Company and/or the Shareholders as a whole; or
 - (b) there has been material adverse change in national or international, financial, economic, political or market conditions; or
 - (c) there has been material adverse change in the financial position or prospects and/or circumstances of the Company (including, without limitation, in relation to the distributable profits of the Company),

which, in the absolute discretion of the Directors of the Company (acting reasonably), is likely to prejudice the success of the Tender Offer or make it, temporarily or permanently impracticable or inadvisable to proceed with the Tender Offer, then the Company may terminate the Tender Offer. In addition, the Tender Offer may be terminated if the Board in its absolute discretion, concludes that the Tender Offer would no longer be in the interests of the Company and/or the Shareholders as a whole.

23. Where the Tender Offer is terminated in accordance with paragraph 22 above, as soon as practicable thereafter, the Company shall notify Shareholders in writing and/or through an announcement through a Regulatory Information Service that such is the case.
24. No interest will be payable to any Shareholder in respect of any monies that are held in the escrow account or due in consideration of any Ordinary Share that has been accepted for Tender.

Overseas Shareholders

Overseas Shareholders should inform themselves about and observe any applicable or legal regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant jurisdiction.

25. The making of the Tender Offer in, or to persons resident in, jurisdictions outside the United Kingdom or who are citizens, residents or nationals of other countries may be affected by the laws of the relevant jurisdiction. Shareholders who are not resident in the United Kingdom, or who are citizens, residents or nationals of countries outside the United Kingdom should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Shareholder wishing to take up the Tender Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes due in such jurisdiction. Any such Shareholder will be responsible for any such transfer or other taxes by whomsoever payable and the Company, the Registrars and any person acting on their behalf shall be fully indemnified and held harmless by such Shareholder for any such transfer or other taxes or other requisite payments such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorise

the extending of the Tender Offer or the distribution of the Tender Form in any territory outside the United Kingdom.

26. In particular, the Tender Offer is not being made directly or indirectly into or from or by use of the mails or by any means or instrumentality (including, without limitation, facsimile transmission, telex, and telephone) or interstate or foreign commerce, or any facility of a national securities exchange, of the United States, Canada, Australia, New Zealand, Japan or South Africa and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility from within the United States, Canada, Australia, New Zealand, Japan or South Africa. Accordingly, copies of this document, the Tender Form and any related documents are not being and must not be mailed or otherwise distributed or sent in, into, or from the United States, Canada, Australia, New Zealand, Japan or South Africa, including to Shareholders with registered addresses in the United States, Canada, Australia, New Zealand, Japan or South Africa, or to persons who are custodians, nominees or trustees holding Ordinary Shares for persons in the United States, Canada, Australia, New Zealand, South Africa or Japan. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in, into or from the United States, Canada, Australia, New Zealand, South Africa or Japan or use such mails or any such means, instrumentality or facility, in connection with the Tender Offer, and so doing will render invalid any related purported acceptance of the Tender Offer. Persons in such countries wishing to accept the Tender Offer should not use such mails or any such means, instrumentality or facility for any purpose, directly or indirectly, relating to acceptance of a Tender Offer. Envelopes containing a Tender Form should not be postmarked in the United States, Canada, Australia, New Zealand, South Africa or Japan or otherwise despatched from the United States, Canada, Australia, New Zealand, South Africa or Japan and all accepting Shareholders must provide addresses outside the United States, Canada, Australia, New Zealand, South Africa or Japan for the remittance of cash or return of Tender Forms and share certificates.
27. If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Tender Form or any related documents in, into or from the United States, Canada, Australia, New Zealand, South Africa or Japan or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce of, or any facility of a national securities exchange of, the United States, Canada, Australia, New Zealand, South Africa or Japan in connection with such forwarding, such persons should:
- (a) inform the recipient of such fact;
 - (b) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
 - (c) draw the attention of the recipient to this section of this document.
28. The provisions in this section and/or any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards a specific Shareholder or on a general basis by the Company in its absolute discretion but only if the Company is satisfied that such waiver, variation or modification will not constitute or give rise to a breach of applicable securities or other law. Subject to this, the provisions in this paragraph

supersede any terms of the Tender Offer inconsistent therewith. References to a Shareholder shall include references to the persons executing a Tender Form and in the event of more than one person executing a Tender Form, the provisions in this section shall apply to them jointly and severally.

Procedure for tendering

29. Ordinary Shares held in certificated form

To participate in the Tender Offer, Shareholders holding Ordinary Shares in certificated form must complete, sign, have witnessed and return the Tender Form in accordance with these instructions and the instructions on the Tender Form. The following instructions should be read together with the notes on the Tender Form:

- (a) To take up the Tender Offer in respect of Ordinary Shares held in certificated form, you must complete either Box 1A or Box 1B and sign and have witnessed Box 2 of the accompanying Tender Form in accordance with the instructions thereon.
- (b) You should complete separate Tender Forms for Ordinary Shares held in certificated form but under different designations. Additional copies of the Tender Form can be obtained from the Receiving Agent.
- (c) Completed, signed and witnessed Tender Forms and share certificates and/or other documents of title, should be sent by post to the Receiving Agent at Neville Registrars, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD or by hand (during normal business hours only) to Neville Registrars, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD as soon as possible and, in any event, so as to be received not later than 1.00 pm on 13 September 2019. Duly completed Tender Forms sent by any of the means set out above and received signed and complete in all respects by the prescribed time will be treated as tenders of Ordinary Shares in accordance with the terms and conditions of the Tender Offer. No acknowledgement of receipt of documents will be given. The instructions on the Tender Form shall be deemed to form part of the terms of the Tender Offer.

If you have lost your share certificate and/or other document of title, you should write to the Registrars, Link Asset Services, The Registry 34 Beckenham Road, Beckenham BR3 4TU for a letter of indemnity in respect of the lost share certificate and/or other document of title. When completed in accordance with the instructions given, such indemnity should be returned by post to the Registrars, Link Asset Services, The Registry 34 Beckenham Road, Beckenham BR3 4TU or by hand (during normal business hours only) with a request for forward the resulting replacement certificate to the Receiving Agent, Neville Registrars, of Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD so as to arrive not later than 1.00 pm on 13 September 2019. A fee may be payable by the Shareholder to the Registrar, Link Asset Services, in respect of each letter of indemnity.

If you have any enquiries in relation to the Tender Offer, please contact Neville Registrars Limited on 0121 585 1131 or, if calling from outside the UK, on +44 121 585 1131. Calls to this number from inside the UK are charged at your service provider's standard rate (charges may vary.) Calls to this number from outside the UK are charged at applicable international rates.. Lines are open 9.00 am to 5.00 pm, Monday to Friday. Calls to the helpline number from outside the UK are charged at applicable

international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Neville Registrars cannot provide advice on the merits of the Tender Offer or give any financial, legal or tax advice, for such advice you should consult your stockbroker, solicitor, accountant, bank manager or other independent professional adviser.

30. ***Ordinary shares in uncertificated form (that is, in CREST)***

If your Ordinary Shares are in uncertificated form, to tender such shares under the Tender Offer you should take (or procure the taking of) the action set out below to transfer (by means of a TTE instruction) the number of Ordinary Shares in respect of which you wish to tender under the Tender Offer to an escrow balance specifying Neville Registrars, (in its capacity as a CREST Participant under Neville Registrars Participant ID and Member Account ID as referred to below) as the Escrow Agent, as soon as possible and in any event so that the transfer to escrow settles by no later than 1.00 pm on 13 September 2019.

The input and settlement of a TTE instruction in accordance with this section shall constitute an offer to the Company to sell to it the number of Ordinary Shares at the price indicated on the terms of the Tender Offer by transferring such shares to the relevant escrow account as detailed below. If you are a CREST Sponsored Member, you should refer to your CREST Sponsor before taking any action. Only your CREST Sponsor will be able to send the TTE instruction to Euroclear in relation to your Ordinary Shares.

The Corporate Action Number is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST.

You should send (or, if you are a CREST Sponsored Member, procure that your CREST Sponsor sends) a TTE instruction to Euroclear, which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for the TTE instruction to settle in CREST, the following details:

- the number of Ordinary Shares to be transferred to the relevant escrow account;
- your Member Account ID;
- your Participant ID;
- the Participant ID of the Escrow Agent, in its capacity as a CREST Escrow Agent, which is **7RA11**;
- the Member Account ID of the Receiving Agent, which is **STILO**. The input and settlement of a TTE instruction in accordance with this section (which has not been validly withdrawn) shall constitute an offer to the Company to sell to it the number of Ordinary Shares at the price indicated on the terms of the Tender Offer, by transferring such shares to the relevant escrow account as detailed above;
- the ISIN number in respect of the Company shares, which is **GB0009597484**;
- the intended settlement date. This should be as soon as possible and, in any event, no later than 1.00 pm on 13 September 2019;

- the contact name and telephone number in the shared note field;
- the corporate action number for the Tender Offer, which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST; and
- input with a standard delivery instruction priority of 80.

After settlement of the TTE instruction, you will not be able to access the Ordinary Shares concerned for any transaction or charging purposes, notwithstanding that they will be held in escrow until completion or lapse of the Tender Offer.

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST Sponsor) to enable a TTE instruction relating to your Ordinary Shares to settle prior to 1.00 pm on 13 September 2019. In this connection you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company will make an appropriate announcement if any of the details contained in this section relating to settlement in CREST are materially altered.

31. ***Deposits of Ordinary Shares into, and withdrawals of Ordinary Shares from, CREST***

Normal CREST procedures (including timings) apply in relation to any Ordinary Shares that are, or are to be, converted from uncertificated to certificated form or vice versa during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Ordinary Shares relating to the Tender Offer or otherwise). Shareholders who are proposing to convert any such Ordinary Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person with a holding in or acquiring the Ordinary Shares as a result of the conversion to take all necessary steps in connection with the take up of the Tender Offer (in particular, as regards delivery of share certificates and/or other documents of title or transfers to an escrow balance as described above) prior to 1.00 pm on 13 September 2019, whether in certificated or uncertificated form.

Effect of Tender

32. ***Tender Forms***

Completion and lodgement of a Tender Form, including the completion and lodgement of a Tender Form which is treated by the Company as valid, shall constitute the irrevocable agreement, warranty and representation by the relevant Shareholder that:

- (a) the execution of the Tender Form shall constitute an offer to the Company to sell to it such number of certificated Ordinary Shares as are indicated by the completion of either Box 1A or Box 1B of the Tender Form or deemed to be tendered, in each case on and subject to the terms and conditions set out or referred to in this document and the Tender Form and that, once lodged, such tender shall be irrevocable;

- (b) such Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which such offer is accepted (together with all rights attaching thereto) and the Company will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after 13 September 2019;
- (c) such completion and lodgement, shall irrevocably constitute the Company or the Receiving Agent or their agents and officers as such Shareholder's attorney and/or agent ("**attorney**") and an irrevocable instruction and authorisation to:
 - (i) complete, execute and deliver on the Shareholder's behalf all or any instructions of transfer, forms and/or the Purchase Contract any and all forms and take any and all actions which are necessary or, in the Company's discretion, desirable to give effect to the purchase of the Ordinary Shares that are the subject of the Tender Form;
 - (ii) Procure the purchase of the Ordinary Shares which are the subject of the Tender Form; and
 - (iii) Despatch or otherwise make payment of the proceeds of sale in respect of the purchased Ordinary Shares in accordance with the settlement provisions set out below;
- (d) Such Shareholder shall not take any action which would prevent the Company or the Registrars from cancelling the Ordinary Shares tendered under the Tender Offer;
- (e) Such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any of its directors or agents and officers or any person nominated by the Company or the Receiving Agents or any of its directors in the proper exercise of their or his powers and/or authorities hereunder;
- (f) Such Shareholder with a holding of Ordinary Shares in certificated form will deliver to the Registrars their share certificate and/or other document of title in respect of the Ordinary Shares referred to in sub-paragraph (a) above, or an indemnity acceptable to the Company in lieu thereof, or will procure the delivery of such document(s) to such person(s) as soon as possible thereafter and, in any event, by no later than 1.00 pm on 13 September 2019;
- (g) The provisions of the Tender Form form part of the terms and conditions of the Tender Offer;
- (h) Such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the Ordinary Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (i) Such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents and complied with all applicable formalities, so that the invitation under the Tender Offer may be made to him under the laws of the relevant

jurisdiction, and has not taken or omitted to take any action which would otherwise result in the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase of the Ordinary Shares tendered by him under the Tender Offer;

- (j) Such Shareholder has not received or sent copies or originals of this document or the Tender Form or any related documents in, into or from the United States, Canada, Australia, New Zealand, South Africa or Japan and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) or interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia, New Zealand, South Africa or Japan, this document or the Tender Form have not been mailed or otherwise sent in, into or from the United States, Canada, Australia, New Zealand, South Africa or Japan and such Shareholder is accepting the Tender Offer from outside the United States, Canada, Australia, New Zealand, South Africa or Japan;
- (k) On execution a Tender Form takes effect as a deed; and
- (l) The execution of a Tender Form constitutes such Shareholder's submission to the jurisdiction of the courts of England and Wales in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form. A reference in this paragraph to a Shareholder includes a reference to the person or persons executing a Tender Form and in the event of more than one person executing a Tender Form, the provisions of this paragraph will apply to them jointly and severally.

33. ***Electronic Tenders***

The input of the TTE instruction which is treated by the Company as valid shall constitute the agreement and irrevocable representation by the relevant Shareholder that:

- (a) The input of the TTE instruction shall constitute an offer to sell to the Company such number of Ordinary Shares as are specified in the TTE instruction or deemed to be tendered, in each case, on and subject to the terms and conditions set out or referred to in this document and the TTE instruction and that, once lodged, such tender shall be irrevocable;
- (b) Such Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which the Tender Offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Company, the Company will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after 13 September 2019;
- (c) The input of the TTE instruction which has effect as a tender under the Tender Offer, subject to the Tender Offer becoming unconditional, irrevocably constitutes any director or officer of the Company or the Receiving Agent as such Shareholder's attorney and/or agent ("**attorney**"), and an instruction to it as such, to complete, execute and deliver on the Shareholder's behalf all or any instruments of transfer

and/or other documents (including, but not limited to, the Purchase Contract) or input any instructions into Euroclear at the agent's discretion in relation to the Ordinary Shares referred to in paragraph (a) above in favour of the Company and to deliver any documents or input any instructions into Euroclear relating to such Ordinary Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such agent be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in the Company;

- (d) Such Shareholder shall not take any action which would prevent the Company or the Registrars from cancelling the Ordinary Shares tendered under the Tender Offer;
- (e) Such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any of its directors agents or officers or any person nominated by the Company or the Receiving Agents or any of its directors in the proper exercise of their or his powers and/or authorities hereunder;
- (f) If, for any reason, any Ordinary Shares in respect of which a TTE instruction has been made are, prior to 1.00 pm on 13 September 2019, converted into certificated form, the Electronic Tender in respect of such Ordinary Shares shall cease to be valid and the Shareholder will need to comply with the procedures for tendering Ordinary Shares in certificated form as set out in this Part II in respect of the Ordinary Shares so converted, if he wishes to make a valid tender of such Ordinary Shares pursuant to the Tender Offer;
- (g) Such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the Ordinary Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (h) Such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents and complied with all applicable formalities, so that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would otherwise result in the Company or the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase of the Ordinary Shares tendered by him under the Tender Offer;
- (i) Such Shareholder has not received or sent copies or originals of this document, the Tender Form or any related documents in, into or from the United States, Canada, Australia, New Zealand, South Africa or Japan and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) or interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia, New Zealand, South Africa or Japan, this document or the Tender Form has not been mailed or otherwise sent in, into or from the United States, Canada, Australia, New Zealand, South Africa or Japan and such Shareholder is accepting the Tender Offer from outside the United States, Canada, Australia, New Zealand, South Africa or Japan;

- (j) The creation of an assured payment obligation in favour of such Shareholder's payment bank in accordance with the CREST assured payment arrangements as referred to in the paragraph below under the heading "Settlement" will, to the extent of the obligations so created, discharge fully any obligation of the Company to pay to such Shareholder the consideration to which he is entitled under the Tender Offer; and
- (k) The input of the TTE instruction constitutes such Shareholder's submission to the exclusive jurisdiction of the courts of England and Wales in relation to all matters arising out of or in connection with the Tender Offer.

Settlement

Subject to the Tender Offer becoming unconditional, settlement of the consideration to which any Shareholder is entitled pursuant to tenders accepted by the Company as complete in all respects will be made by the dispatch of cheques or CREST messages as follows:

34. *Shares in uncertificated form (that is, in CREST)*

Where a purchase relates to Ordinary Shares held by Shareholders in uncertificated form, the cash consideration will be paid through CREST, by the Receiving Agent (on behalf of the Company) procuring the creation of an assured payment obligation in favour of the payment banks of accepting Shareholders in accordance with the CREST assured payment arrangement. The Company reserves the right to settle all or any of the consideration referred to in this paragraph in the manner referred to in paragraph 2 below, if for any reason it wishes to do so.

35. *Shares in certificated form where a purchase relates to Ordinary Shares held by Shareholders in certificated form*

Where an accepted tender relates to Ordinary Shares held in certificated form, cheques for the consideration due will be despatched by the Receiving Agent by first class post to the person or agent whose name and address (outside the United States, Canada, Australia, New Zealand, Japan South Africa or any other Restricted Jurisdiction) is set out in Box 1 of the Tender Form or, if none is set out, to the registered address of the tendering Shareholder or, in the case of joint holders, the registered address of the first named Shareholder, as set out in Box 1. All cash payments will be made in pounds sterling by cheque, drawn on a branch of a UK clearing bank.

PART III

TAX ASPECTS OF THE TENDER OFFER

United Kingdom Taxation in relation to the Tender Offer

The following comments do not constitute tax advice and are intended only as a general guide to current United Kingdom law and HMRC's published practice (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the United Kingdom taxation treatment of Shareholders and are intended to apply only to Shareholders who are resident in the United Kingdom for United Kingdom tax purposes and who are the absolute beneficial owners of their Ordinary Shares and who hold, and will hold, them as investments (and not as securities to be realised in the course of a trade). They may not apply to certain Shareholders, such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation and Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment. Such persons may be subject to special rules. The position may be different for future transactions and may alter after the date of this document.

Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult their professional adviser.

In addition, Shareholders who have claimed reliefs under the Enterprise Investment Scheme or the Corporate Venturing Scheme, or who are Venture Capital Trusts, are strongly recommended to consult their own professional advisers immediately for advice on the tax implications of the Tender Offer.

General

In general, proceeds received by UK tax resident shareholders on the purchase by a company of its own shares will include a distribution element and a capital element.

- The capital element represents the amount that the company originally received by way of share subscription proceeds when it issued the shares which it is purchasing.
- The distribution element is the amount (if any) by which the sale proceeds received by the shareholder on the sale of its shares to the company exceeds the capital element.

1 pence per Ordinary Share is less than the average amount paid up on the Ordinary Shares in respect of which the Tender Offer may be accepted and, accordingly, no part of the proceeds received by a UK tax resident Shareholder should fall to be treated as a distribution for tax purposes but Shareholders must take their own tax advice. The remainder of the tax guidance in this Part III has been drafted on this basis.

Shareholders should note that the Company has not agreed with HMRC that the price of 1 pence per Ordinary Share is less than the average amount paid upon the Ordinary Shares in respect of which the Tender Offer may be accepted.

Capital Gains

Individual Shareholders

The sale of Ordinary Shares to the Company under the Tender Offer will constitute a disposal for capital gains tax purposes at a price per Ordinary Share equal to the purchase price. Whether a loss or a gain arises for a particular Shareholder will depend on the price at which that Shareholder originally acquired the Ordinary Shares.

Corporate Shareholders

The sale of Ordinary Shares to the Company under the Tender Offer will constitute a disposal for capital gains tax purposes at a price per Ordinary Share equal to the purchase price. Whether a loss or a gain arises for a particular Shareholder will depend on the price at which that Shareholder originally acquired the Ordinary Shares being sold.

PART IV

ADDITIONAL INFORMATION

1. Responsibility statement

The Directors, whose names are set out below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Directors of the Company are:

David Ashman (*Non-Executive Chairman*)
Leslie Burnham (*Chief Executive Officer*)
Liam O'Donoghue (*Non-Executive Director*)

2. Directors

As at 22 August 2019 (the latest practicable date prior to the publication of this document), the interests of the Directors (including persons connected with them within the meaning of Section 252 of the Act) in the issued share capital of the Company, the existence of which is known or could with reasonable diligence be ascertained by that Directors, were as follows:

Holder	Number of Ordinary Shares	Percentage of Ordinary Shares
David Ashman *	24,083,910	21.14%
Leslie Burnham	5,000,000	4.39%

*14,187,000 of these shares are held in the name of Mr D Ashman and his wife.

3. Significant Interests in Ordinary Shares

As at 22 August 2019 (the latest practicable date prior to the publication of this document), the Company is aware, following the receipt of TR-1 notifications and as otherwise notified by shareholders, of the following holdings of persons other than Directors who were interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company:

Holder	Number of Ordinary Shares	Percentage of Ordinary Shares
Brewin Nominees Limited	11,708,523	10.27%
HSDL Nominees Limited	6,100,000	5.36%
Mossland Limited	4,100,000	3.60%
S J Buswell	4,084,416	3.59%
R G Millington	3,475,000	3.05%

4. **General**

SPARK has given and not withdrawn its consent to the issue of this document with the inclusion of its name and references thereto in the form and context in which it appears.

PART V

PRINCIPAL EFFECT OF RE-REGISTRATION AND ADOPTION OF NEW ARTICLES ON SHAREHOLDERS

1. **Accounts**

A public company is required to file its accounts within six months following the end of its financial year and then to circulate copies of the accounts to Shareholders. Following the Re-registration and the adoption of the New Articles, the period for the preparation of accounts is extended to nine months following the end of the financial year. The Company will still be required to circulate accounts to Shareholders (although the period for doing so is extended for private companies).

2. **General meetings and resolutions**

A public company is required to hold an annual general meeting of Shareholders each year, whereas a private company is not. Therefore, following the Re-registration and the adoption of the New Articles the Company will not hold annual general meetings.

In addition, after the Re-registration, resolutions of the Shareholders of the Company may be obtained via written resolutions, rather than via physical meetings. This is done by obtaining the approval in writing to that resolution of the holders of a majority of voting shares then in issue (in the case of ordinary resolutions) and the holders of 75 per cent of the voting shares then in issue (in the case of special resolutions) although the Company will continue to hold general meetings (other than annual general meetings) for at least 1 year following the Cancellation and Re-registration to ensure that Shareholders have the opportunity to meet the Directors and discuss the Company.

3. **Directors**

The Current Articles contain provisions requiring the Directors to retire by rotation every three years. These provisions have been removed in the New Articles. In addition, the New Articles will not require any Director appointed by the Board to be re-appointed by the Shareholders at the next annual general meeting following his appointment, as is currently required.

4. **Issue of shares for non-cash consideration**

As a public company, there are restrictions on the ability of the Company to issue new shares, for example, by requiring the Company to obtain a valuation report in the case of shares issued for non-cash consideration. These restrictions will not apply following the Re-registration and adoption of the New Articles.

5. **Refusal to register a share transfer**

The Board will in the New Articles have absolute discretion to refuse to register any share transfer that is not made in accordance with the share transfer provisions in the New Articles (whether the share is paid up or not).

6. **Financial assistance, reductions of capital and purchase of own shares out of capital**

As a public limited company, the Company is currently prohibited from performing actions which constitute financial assistance for the acquisition of its own shares. This limits the ability of the

Company to engage in certain transactions. However, following the Re-registration, these restrictions will no longer apply.

In addition, the Company must currently obtain the sanction of the Court for any reduction of capital, which can be a lengthy and expensive process. However, following the Re-registration, the Company will be able to take advantage of more flexible provisions applicable to private companies, which do not require the approval of the Court. Similarly, following Re-registration, the Company will be able to effect buy backs of shares out of capital, which it is currently prohibited from doing as a public limited company.

7. Company Secretary

There is no requirement for a company secretary to be appointed, although the Company may appoint one should it wish.

8. Removal of unnecessary provisions and simplification

The New Articles will not contain many of the detailed provisions of the Current Articles which are common for listed companies, and which will not be necessary for the Company following the Cancellation. Many of these provisions duplicate provisions of company law or can be simplified.

These include provisions relating to:

- a) the form of resolutions; and
- b) the requirement to keep accounting records.

NOTICE OF GENERAL MEETING



Stilo International Plc

(Incorporated in England & Wales under the Companies Act 1985 with
Registered No. 3893693)

NOTICE IS HEREBY GIVEN THAT a general meeting (the "**Meeting**") of Stilo International Plc (the "**Company**") will be held at RSM UK Audit LLP, 25 Farringdon Street, London EC4A 4AB at 11.00 am on 30 September 2019 to consider and, if thought fit, to pass Resolutions 1 and 2 as ordinary resolutions and Resolutions 3 to 4 as special resolutions of the Company:

ORDINARY RESOLUTIONS

1. THAT:

- (a) the terms of the contracts made between the Company and each of (i) Brewin Nominees Limited, (ii) BDS Nominees Limited and (iii) Giltspur Nominees Limited each dated 22 August 2019 (the "**Brewin Nominees Purchase Contracts**", as further described in the circular to shareholders dated 23 August 2019 of which this notice forms part ("**Circular**")) providing for, *inter alia* and conditional upon the passing of this resolution, the purchase by the Company of 15,265,359 Ordinary Shares in aggregate from Brewin Nominees Limited, BDS Nominees Limited and Giltspur Nominees Limited, copies of which have been available for inspection both at this meeting and throughout the period of 15 days ending with the date of this meeting at the registered office of the Company and laid before this meeting and initialled by the chairman for the purpose of identification, be and are hereby approved; and
- (b) the Company be and is authorised to make an off market purchase (within the meaning of section 693(2) of the Companies Act 2006) (the "**Act**") of the Ordinary Shares described in paragraph (a) of this Resolution on the terms of the Brewin Nominees Purchase Contracts at any time before the expiry of one year from the date of the passing of this Resolution and that any director of the Company be and is hereby authorised to fulfil all obligations of the Company thereunder.

2. THAT, subject to and conditional upon the passing of Resolution 1 above:

- (a) the terms of the contract made between the Company and such persons set out in the Schedule to the same (the "**Purchase Contract**") providing for, *inter alia* and conditional upon the passing of this resolution, the purchase by the Company of up to 14,734,641 Ordinary Shares as set out against the name of each person in the Schedule to the Purchase Contract pursuant to the Tender Offer (as defined in the Circular) (a copy of which has been available for inspection both at this meeting and throughout the period of 15 days ending with the date of this meeting at the registered

office of the Company), laid before this meeting and initialled by the chairman for the purpose of identification be and are hereby approved; and

- (b) the Company be and is authorised to make an off market purchase (within the meaning of section 693(2) of the Act of the Ordinary Shares described in paragraph (a) of this Resolution on the terms of Purchase Contract at any time before the expiry of 18 months from the date of the passing of this Resolution and that any director of the Company be and is hereby authorised to fulfil all obligations of the Company thereunder.

SPECIAL RESOLUTIONS

- 3. THAT, subject to and conditional upon the passing of Resolutions 1 and 2 above and upon completion of the purchase by the Company of the Ordinary Shares pursuant to the Brewin Nominees Purchase Contracts and the Purchase Contract, the cancellation of the admission of the Ordinary Shares to trading on AIM, the market of that name operated by the London Stock Exchange plc, be and is hereby approved and that the directors of the Company be authorised to take all actions reasonable or necessary to effect such cancellation.
- 4. THAT, subject to and conditional upon passing of Resolutions 1 to 3 above and the cancellation of the admission of the Ordinary Shares to trading on AIM, the market of that name operated by London Stock Exchange plc, becoming effective:
 - (a) pursuant to the provisions of section 97 of the Act, the Company be and is hereby re-registered as a private limited company by the name of "Stilo International Limited"; and
 - (b) the draft regulations produced to the Meeting and signed by the chairman of the Meeting for the purposes of identification be and are hereby adopted by the Company in substitution for its existing articles of association.

Dated 23 August 2019

By order of the Board

Liam O'Donoghue
Company Secretary

Registered Office:
Regus House
Windmill Hill
Business Park
Whitehill Way
Swindon
Wiltshire SN5 6QR

Notes:

1. A member who is entitled to attend, speak and vote at the Meeting may appoint a proxy to attend, speak and vote instead of him. A proxy need not also be a member of the Company but must attend the Meeting in order to represent a member. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A Form of Proxy is enclosed. The notes to the Form of Proxy include instructions on how to appoint the chairman of the Meeting or another person as a proxy. To be valid the Form of Proxy must reach the Company's Receiving Agent, Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD by 11.00 am on 28 September 2019.
2. The following documents are available for inspection at the offices of the Company's solicitors, Bates Wells, 10 Queen Street Place, London EC4R 1BE during usual business hours on any weekday (Saturday, Sunday and public holidays excluded) from the date of this notice until the Meeting and will be available for inspection at the place of the Meeting for at least 15 minutes prior to and during the Meeting:
 - (a) a copy of the existing articles of association of the Company; and
 - (b) a copy of the proposed new articles of association referred to in paragraph (b) of the resolution numbered 4.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company at 11.00 am on 28 September 2019 (or, if the Meeting is adjourned, 48 hours before the time fixed for the adjourned Meeting) shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
4. Please note that communications regarding the matters set out in this notice of the Meeting will not be accepted in electronic form.
5. As at 22 August 2019 (being the last business day prior to the publication of this notice of the Meeting) the Company's issued share capital consists of 113,930,470 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 22 August 2019 is 113,930,470.
6. CREST members who wish to appoint a proxy or proxies through CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual. CREST personal members, sponsored CREST members and 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 for them. To complete a valid proxy appointment or instruction using the CREST service, the CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & 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 instruction given to a previously appointed proxy must in order to be valid, be transmitted to Neville Registrars Limited, whose CREST participant ID is 7RA11, by 11.00 a.m. on 28 September 2019. The time of receipt of the instruction will be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Neville Registrars Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change in instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply 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 ensure that his CREST sponsor or voting service provider(s) take(s)) the necessary action to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should refer to the sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid as set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.