

## IRREVOCABLE UNDERTAKING

To: Mercell Holding AS ("**Mercell**")  
Karihaugveien 89  
1086 Oslo  
Norway

10 May 2019

Dear Sirs,

### Offer for EU Supply plc ("**EU Supply**")

We understand that Mercell is considering the Transaction substantially on the terms and conditions set out or referred to in the draft of the Rule 2.7 Announcement attached at Appendix 1 to this undertaking and/or such other terms and conditions as required by (i) any applicable law or regulation; and (ii) the Code.

Unless otherwise defined in this undertaking or unless the context requires otherwise, capitalised terms have the meaning given to them in the Rule 2.7 Announcement. References to paragraphs are to paragraphs in this undertaking.

#### 1. **WARRANTIES AND UNDERTAKINGS**

1.1 We represent, warrant and undertake to Mercell that:

- (a) we are the registered holder and/or the beneficial owner of (or are otherwise able to control the exercise of all rights (including voting rights) attaching to, including the ability to procure the transfer (free from Encumbrances) of) the number of EU Supply Shares set out in the table in Appendix 3 to this undertaking and, where stated in the third column of the table, we are the legal owner of the Shares and we hold the Shares free from any Encumbrances which are inconsistent with the terms of this undertaking;
- (b) other than as set out in Appendix 3 to this undertaking, we do not, and nor do any of the persons connected to us (within the meaning of section 253 of the Act), have any interest (as defined in the Code) in any securities of EU Supply, or any rights to subscribe for, purchase or otherwise acquire any such securities, or any short positions (within the meaning of the Code) in any such securities;
- (c) we have (and will at all relevant times continue to have) full power and authority to enter into this undertaking and to perform the obligations under it in accordance with their terms;
- (d) we will not, prior to the earlier of the Transaction completing or lapsing, and will procure that any registered holder (if different) will not:
  - (i) except pursuant to the Transaction, sell, transfer, charge, pledge, encumber, grant any options over or otherwise dispose of, or permit the sale, transfer, charging, pledge, encumbrance, granting of any option over or other disposal of any interest in the Shares;
  - (ii) accept or agree to accept in respect of all or any of the Shares, any offer or other transaction made in competition with, or which might otherwise frustrate, the Transaction;
  - (iii) carry out any dealing or otherwise acquire (whether conditionally or unconditionally) any shares or other interests in relevant securities of EU Supply unless the Panel has determined and confirmed to us that we are not acting in concert with Mercell;

- (iv) vote in favour of or otherwise consent to any matter for the purposes of Rule 21 of the Code;
- (v) (except pursuant to the Transaction) enter into any agreement or arrangement, incur any obligation (other than any obligation imposed by law) or give any indication of intent:
  - (A) to do any of the acts referred to in paragraphs 1.1(d)(i) to ((iv)); or
  - (B) which in relation to the Shares would or might restrict or impede us accepting the Offer or voting in favour of the Scheme, or which would otherwise preclude us from complying with any obligations in this undertaking,

and, for the avoidance of doubt, references in this paragraph 1.1(d) to any agreement, arrangement, obligation or indication of intent include any agreement, arrangement, obligation or indication of intent whether or not legally binding or subject to any condition or which is to take effect upon or following the lapsing of the Transaction, the ceasing of this undertaking to be binding or any other event);

- (e) we will take any action (or refrain from taking any action) not otherwise contemplated by this undertaking and which is reasonably requested by Mercell to give effect to our obligations in this undertaking or otherwise reasonably requested by Mercell to ensure the completion of the Transaction;
- (f) other than anyone presumed to be acting in concert with us by virtue of the definition of "acting in concert" in the Code, we are not knowingly acting in concert with any person in relation to EU Supply for the purposes of Rule 9.1 of the Code disregarding for this purpose any person giving an irrevocable undertaking to implement the Transaction and each of Mercell and EU Supply and all persons acting in concert with any of them; and
- (g) we will take all steps in our power and, where applicable, will take all steps in our power to procure that any registered holder of the Shares also takes all steps in their power, to comply with the obligations in this undertaking.

## 2. **UNDERTAKING TO VOTE IN FAVOUR OF THE SCHEME**

2.1 We hereby irrevocably and unconditionally undertake that for so long as Mercell elects to implement the Transaction by way of the Scheme we will and, where applicable, we will procure that any registered holder will in respect of all of our Shares:

- (a) vote in person or by proxy (whether on a show of hands or via a poll) in accordance with the procedure set out in the formal document containing details of the Scheme (the "**Scheme Document**") in favour of any resolutions at any shareholder or court meeting required for the implementation of the Transaction and any matter ancillary thereto within, in the case of a vote by proxy, seven days after posting of the Scheme Document or, if later, within seven days of acquiring the Shares (including, without limitation, to approve the Scheme and amend EU Supply's articles of association); and
- (b) vote in person or by proxy (whether on a show of hands or via a poll) against any resolution at any general or court meeting of EU Supply shareholders (including any adjournment thereof) which might reasonably be expected to (i) result in a condition of the Transaction not being fulfilled; or (ii) impede or frustrate the Transaction (which will include any resolution to approve an alternative scheme of arrangement, merger or acquisition of any shares in EU Supply by a third party) or which would otherwise impact adversely on the success of the Transaction,

and without prejudice to the foregoing, for the purpose of voting on any resolution referred to in this paragraph 2, I will or, where applicable, will procure that the registered holder will, if required by Mercell, execute any form of proxy appointing any person nominated by Mercell to attend and vote on our behalf at the relevant general or court meetings.

- 2.2 We further agree that Mercell will acquire the Shares with full title guarantee and free from any Encumbrance of any nature whatsoever and together with all rights of any nature attaching to those shares including the right to all dividends declared or paid after the date of this undertaking.

3. **UNDERTAKING TO ACCEPT**

We hereby irrevocably and unconditionally undertake that if Mercell elects to implement the Transaction by way of the Offer we will and, where applicable, we will procure that any registered holder will in respect of all of our Shares at the relevant time:

- (a) accept the Offer in respect of the Shares in accordance with the procedure for acceptance set out in the formal document containing such Offer (the "**Offer Document**") as soon as reasonably practicable and in any event no later than seven days after Mercell posts the Offer Document to EU Supply shareholders or, if later, immediately upon us or our nominee becoming the registered holder of any Shares; and
- (b) not withdraw any acceptances of the Offer in respect of the Shares,

and we further agree that Mercell will acquire the Shares under the Offer with full title guarantee and free from any Encumbrance of any nature whatsoever and together with all rights of any nature attaching to those shares including the right to all dividends declared or paid after the date of this undertaking.

4. **LAPSE OF UNDERTAKING**

- 4.1 Subject to paragraph 4.2, this undertaking will lapse and cease to have effect to the extent not already undertaken and without prejudice to any liability for antecedent breach if:

- (a) the Rule 2.7 Announcement is not released by 5.00 p.m. on 10 May 2019 or such later date as Mercell and EU Supply may agree;
- (b) the Scheme Document or Offer Document (as the case may be) is not published within 28 days of the publication of the Rule 2.7 Announcement (or within such longer period as Mercell and EU Supply may agree, with the consent of the Panel);
- (c) Mercell announces, with the consent of the Panel, that it does not intend to proceed with the Transaction and no new, revised or replacement acquisition (to which this undertaking applies) is announced in accordance with Rule 2.7 of the Code at the same time;
- (d) the Offer or Scheme lapses or is withdrawn and no new, revised or replacement acquisition (to which this undertaking applies) is announced in accordance with Rule 2.7 of the Code at the same time;
- (e) in accordance with the Code, a third party announces a firm intention to make, or makes, a general offer (howsoever structured) to acquire the whole of the issued and to be issued share capital of EU Supply on terms which represent an improvement of not less than 10 per cent. of the value of the consideration offered pursuant to the Transaction (as determined by EU Supply's financial adviser) as at the date on which such offer is announced and Mercell does not increase the

consideration offered under the Transaction to an amount which is equal to or higher than the consideration offered by the third party (as determined by EU Supply's financial adviser) within five business days of the date of the earlier of the third party's announcement or offer; or

- (f) the Scheme does not become effective in accordance with its terms or the Offer lapses or is withdrawn by 5.00 pm on 10 September 2019.
- 4.2 In the event that Merzell elects to implement the Transaction by way of a structure other than an Offer or a Scheme, the parties agree that all provisions of this undertaking will be adapted so as to apply to such acquisition mutatis mutandis.
- 4.3 If this undertaking lapses, we will have no claim against Merzell and Merzell shall have no claim against us, other than in respect of any prior breach of any of the terms of this undertaking.
- 4.4 We accept, acknowledge and confirm that we have been given adequate opportunity to consider whether or not to enter into this undertaking and to obtain independent advice accordingly.

## 5. **GENERAL**

- 5.1 The definitions in Appendix 2 to this undertaking apply throughout this undertaking unless the context requires otherwise.
- 5.2 Nothing in this undertaking obliges Merzell to announce or proceed with the Transaction.
- 5.3 We understand that the information provided to us in relation to the Transaction is given in confidence and must be kept confidential until the Rule 2.7 Announcement containing details of the Transaction is released or the information has otherwise been made public. Before this time, we will not deal in EU Supply Shares or improperly disclose the information in contravention of the insider dealing or market abuse regimes.
- 5.4 Prior to this undertaking being published as referred to paragraph 5.5(c) below, we agree not to disclose to any third party (other than our professional advisers) the subject matter of this document or of any of the arrangements or proposed arrangements to which it relates unless such disclosure is required by law, the Panel, the London Stock Exchange, the Financial Conduct Authority or pursuant to any other legal or regulatory requirement in which case we will only make such disclosure following consultation with Merzell.
- 5.5 We consent to:
  - (a) this undertaking being disclosed to the Panel;
  - (b) references to us and particulars of this undertaking and our interests being included in the Rule 2.7 Announcement and the Offer Document or Scheme Document (as applicable), and any other announcement made, or related or ancillary document issued, by or on behalf of Merzell and/or EU Supply in connection with the Transaction, provided that any such reference is required by applicable law or regulation; and
  - (c) this undertaking being published as required by the Code and any other applicable law or regulation.
- 5.6 We agree to provide you promptly with all such further information at our disposal in relation to our interest in the Shares as you may require in order to comply with the Code and any other legal or regulatory requirement and to notify you in writing as soon as reasonably practicable of any material change in the accuracy or import of any such information previously supplied to you by us.

- 5.7 We recognise and acknowledge that if we should fail to comply with our obligations in this undertaking, damages may not be an adequate remedy and that an order for specific performance or other equitable remedy may be the only adequate remedy for such breach.
- 5.8 Any time, date or period mentioned in this undertaking may be extended by mutual agreement but as regards any time, date or period originally fixed or extended, time is of the essence.
- 5.9 No variation of this undertaking will be effective except by mutual agreement.

6. **GOVERNING LAW AND JURISDICTION**

This undertaking (and any dispute, controversy, proceedings of whatever nature arising out of or in any way relating to this undertaking or its formation or claim or any act performed or claimed to be performed under it) shall be governed by and construed in accordance with English law and we submit to the exclusive jurisdiction of the English courts for all purposes in connection with this undertaking.

7. **THIRD PARTY RIGHTS**

A person who is not a party to this undertaking shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

**IN WITNESS** whereof this undertaking has been executed and delivered as a deed on the date first above written.

Executed as a deed by )  
**River and Mercantile Asset** )  
**Management LLP** acting by Hugh )  
Sergeant (Partner and Chief Investment )  
Officer):



Signature of Partner

Signature of witness

Name of witness

Address of witness

Occupation of witness

.....  
*Charlotte Williams*  
.....  
CHARLOTTE WILLIAMS  
.....  
30 COLEMAN STREET  
.....  
LONDON  
.....  
EC2R 5AL  
.....  
SOLICITOR

**APPENDIX 1**  
**RULE 2.7 ANNOUNCEMENT**

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF THAT JURISDICTION**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014**

**FOR IMMEDIATE RELEASE**

10 May 2019

**RECOMMENDED CASH OFFER FOR EU SUPPLY BY MERCELL**

**TO BE EFFECTED BY WAY OF A SCHEME OF ARRANGEMENT UNDER PART 26 OF THE COMPANIES ACT 2006**

**1. Summary**

The Boards of Mercell Holding AS ("**Mercell**") and EU Supply PLC ("**EU Supply**") are pleased to announce that they have reached agreement on the terms of a recommended acquisition of EU Supply by Mercell, which is intended to be implemented by way of a court-sanctioned scheme of arrangement between EU Supply and the Scheme Shareholders under Part 26 of the Companies Act, pursuant to which Mercell will acquire, at Completion, the entire issued and to be issued share capital of EU Supply.

**2. Transaction terms**

Under the terms of the Transaction, EU Supply Shareholders will be entitled to receive:

for each EU Supply Share **18.25 pence in cash** (the "**Offer Price**")

The Offer Price represents a premium of approximately:

- (a) 40.4 per cent. to the Closing Price of 13.0 pence per EU Supply Share on 9 May 2019 (being the Last Practicable Date);
- (b) 61.3 per cent. to the volume weighted average price of 11.3 pence per EU Supply Share for the 30 day period ending on 9 May 2019 (being the Last Practicable Date);
- (c) 84.6 per cent. to the volume weighted average price of 9.9 pence per EU Supply Share for the three month period ending on 9 May 2019 (being the Last Practicable Date); and
- (d) 86.1 per cent. to the volume weighted average price of 9.8 pence per EU Supply Share for the six month period ending on 9 May 2019 (being the Last Practicable Date).

The Offer Price values the entire issued share capital of EU Supply at approximately £13.1 million. It is not known how many of the EU Supply Convertible Loan Noteholders will choose to convert their EU Supply Convertible Loan Notes into EU Supply Shares but, if all of the holders of EU Supply Convertible Loan Notes convert their EU Supply Convertible Loan Notes into EU Supply Shares, the Offer Price would value the then entire issued share capital of EU Supply at approximately £15.7 million.

In so far as any dividend or other distribution or return of value is authorised, declared, made, paid or payable by EU Supply in respect of the Scheme Shares on or after the date of this Announcement and prior to the Effective Date, Mercell will be entitled to reduce the



Offer Price payable in respect of the Scheme Shares by the aggregate amount of any such dividend, other distribution or return of value except where the Scheme Shares are or will be acquired on a basis which entitles Mercell to receive the dividend, other distribution or return of value and retain it.

The Transaction will be conditional on, amongst other things:

- (a) a resolution to approve the Scheme being passed at the Court Meeting by a majority in number voting representing not less than 75 per cent. in value of the Scheme Shareholders who are on the register of members of EU Supply at the Voting Record Time, present and voting, whether in person or by proxy, at the Court Meeting;
- (b) each of the EU Supply Resolutions necessary to implement the Scheme being passed by the requisite majority of EU Supply Shareholders at the EU Supply General Meeting;
- (c) the Scheme being sanctioned by the Court; and
- (d) the Scheme becoming Effective by no later than the Long Stop Date.

The Transaction will be funded from Mercell's existing cash resources and facilities.

### 3. **Highlights**

Following the Transaction, the Enlarged Group will have:

- (a) an enhanced and strengthened product offering across the e-tendering market for both suppliers and buyers;
- (b) presence in additional European markets and a strong foundation for further European expansion;
- (c) cross-selling opportunities across a complementary customer base;
- (d) additional knowledge and expertise through the integration of EU Supply's employees and select senior management;
- (e) cost synergies driven by the complementary nature of the businesses and the ability to leverage the Enlarged Group's additional scale; and
- (f) improved R&D capabilities that will strengthen product innovation and over time accelerate new product launches.

### 4. **Recommendation**

The EU Supply Directors, who have been so advised by Stockdale Securities as to the financial terms of the Transaction, consider the terms of the Transaction to be fair and reasonable. In providing advice to the EU Supply Directors, Stockdale Securities has taken into account the commercial assessments of the EU Supply Directors. Stockdale Securities is providing independent financial advice to the EU Supply Directors for the purpose of Rule 3 of the Takeover Code.

**Accordingly, the EU Supply Directors intend unanimously to recommend that EU Supply Shareholders vote in favour of the Scheme at the Court Meeting and the EU Supply Resolutions at the EU Supply General Meeting (or, in the event that the Transaction is implemented by way of a Takeover Offer, to accept or procure acceptance of such Takeover Offer) as the EU Supply Directors who hold, or are otherwise beneficially interested in, EU Supply Shares have irrevocably**

**undertaken to do in respect of the beneficial holdings which are under their control of, in aggregate, 11,472,314 EU Supply Shares (representing, in aggregate, approximately 16.0 per cent. of the EU Supply Shares in issue on the Last Practicable Date).**

**In addition to the irrevocable undertakings from the EU Supply Directors, Mercell has received irrevocable undertakings from certain other EU Supply Shareholders in respect of, in aggregate, 19,620,377 EU Supply Shares (representing, in aggregate, approximately 27.4 per cent. of the EU Supply Shares in issue on the Last Practicable Date) and a letter of intent from another EU Supply Shareholder in respect of 3,011,000 EU Supply Shares (representing approximately 4.2 per cent, of the EU Supply Shares in issue on the Last Practicable Date) to vote in favour of the Scheme at the Court Meeting and the EU Supply Resolutions at the EU Supply General Meeting (or in the event that the Transaction is implemented by way of a Takeover Offer, to accept or procure the acceptance of such Takeover Offer).**

In total, therefore, Mercell has received irrevocable undertakings and a letter of intent to vote in favour of the Scheme at the Court Meeting and the EU Supply Resolutions at the EU Supply General Meeting in respect of, in aggregate, 34,103,691 EU Supply Shares (representing, in aggregate, approximately 47.6 per cent. of the EU Supply Shares in issue on the Last Practicable Date).

Further details of these irrevocable undertakings and letter of intent are set out in Appendix 3 to this Announcement.

## **5. Scheme Document**

The Scheme Document, containing further information about the Transaction, notices convening the Court Meeting and the EU Supply General Meeting and the expected timetable of the Scheme, together with the relevant Forms of Proxy, will be published and sent to EU Supply Shareholders as soon as practicable and, in any event (save with the consent of the Panel), within 28 days of this Announcement.

The timing of implementation of the Transaction will be dependent on a number of factors including availability of the Court. The Scheme is expected to become Effective early in the third quarter of 2019, subject to the satisfaction or (where applicable) waiver of the Conditions.

## **6. Comments on the Transaction**

- (a) Commenting on today's announcement, Terje Wibe, Chief Executive Officer of Mercell, said:

*"Mercell is pleased to announce the recommended cash offer for EU Supply. We believe the combination of the two companies will create one of the leading e-tendering solution companies in Europe. The Enlarged Group will be well-positioned to respond to the growing demand for e-tendering solutions, and the Enlarged Group will be able to offer a comprehensive technology platform to its customers with full demand and supply side offerings."*

- (b) Commenting on today's announcement, Thomas Bergrehn, Chief Executive Officer of EU Supply, said:

*"EU Supply has achieved a significant milestone in its development, with a profitable platform for growth achieved in 2018. EU Supply has grown its annual revenue from £1.8 million in the year ended 31 December 2013 to £5.1 million in the year ended 31 December 2018. Furthermore, in the year to date, EU Supply has achieved its highest ever rate of increase in annual recurring revenue run rate,*

*up in excess of 25%, without any higher staffing levels. We anticipate continued growth in annual recurring revenue during the coming months and years.*

*The Board recognises however the restrictions of being a relatively small quoted company and believes that the combination with Mercell creates significant synergies and the option to accelerate growth as part of a larger entity. This transaction also represents an attractive and quicker value proposition for all EU Supply Shareholders than what we expect would have been achieved in the short-to-medium-term on a standalone basis. The Board of EU Supply therefore, unanimously, recommends Mercell's Offer."*

## 7. **General**

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

The Transaction will be subject to the Conditions and certain further terms set out in Appendix 1 to this Announcement and to the full terms and conditions to be set out in the Scheme Document and Forms of Proxy.

Appendix 2 to this Announcement contains the sources and bases of certain information contained in this summary and the following announcement.

Appendix 3 to this Announcement contains details of the irrevocable undertakings and letter of intent received by Mercell.

Appendix 4 to this Announcement contains the definitions of certain terms used in this summary and the following Announcement.

Liberum is acting as financial adviser to Mercell.

Ashurst LLP is retained as legal adviser to Mercell.

Stockdale Securities is acting as financial adviser, nominated adviser and broker to EU Supply.

PDT Solicitors is retained as legal adviser to EU Supply.

Market soundings (as defined in MAR) were taken in respect of the Transaction with the result that certain persons became aware of inside information, as permitted by MAR. That inside information is set out in this Announcement, therefore, those persons that received inside information in a market sounding are no longer in possession of inside information relating to EU Supply and its securities.

### **Enquiries:**

#### **Mercell**

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**Further information**

*This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Transaction or otherwise, nor shall there be any sale, issuance or transfer of securities of EU Supply or Mercell in any jurisdiction pursuant to the Transaction in contravention of applicable law.*

*The Transaction will be implemented solely pursuant to the Scheme Document to be distributed to EU Supply Shareholders, which, together with the Forms of Proxy will contain the full terms and conditions of the Transaction including details of how to vote in respect of the Transaction. Any vote in respect of the Scheme or other response in relation to the Transaction should be made only on the basis of the information contained in the Scheme Document.*

*EU Supply will prepare the Scheme Document to be distributed to EU Supply Shareholders. EU Supply urges EU Supply Shareholders to read the Scheme Document when it becomes available because it will contain important information in relation to the Transaction and the Enlarged Group. Any vote in respect of the Scheme or other response in relation to the Transaction should be made only on the basis of the information contained in the Scheme Document.*

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

**Important notices**

*Liberum Capital Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority is acting exclusively as financial adviser to Mercell and no one else in connection with the Transaction, the contents of this Announcement or any other matters referred to in this Announcement and will not be responsible to anyone other than Mercell for providing the protections afforded to clients of Liberum Capital Limited nor for providing advice in relation to the Transaction, the contents of this Announcement or any other matters referred to in this Announcement.*

*Stockdale Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority is acting exclusively as financial adviser to EU Supply and no one else in connection with the Transaction, the contents of this Announcement or any other matters referred to in this Announcement and will not be responsible to anyone other than EU Supply for providing the protections afforded to clients of Stockdale Securities Limited nor for providing advice in relation to the Transaction, the contents of this Announcement or any other matters referred to in this Announcement.*

**Forward-looking statements**

*This Announcement contains statements about the Wider Mercell Group, the Wider EU Supply Group and the Enlarged Group that are or may be forward-looking statements. All statements other than statements of historical facts included in this Announcement may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "should", "continue", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects", "ambition" or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the Wider EU Supply Group's, the Wider Mercell Group's or the Enlarged Group's operations and potential synergies resulting from the Transaction; and (iii) the effects of government regulation on the Wider EU Supply Group's, the Wider Mercell Group's or the Enlarged Group's business.*

*Such forward-looking statements involve risks and uncertainties that could significantly affect expected results and are based on assumptions and assessments made by Mercell and/or EU Supply in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue*

reliance on such forward-looking statements, which speak only as of the date hereof. Neither the Wider EU Supply Group nor the Wider Merzell Group assume any obligation to update any forward-looking or other statements contained herein, except as required by applicable law or regulation.

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

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

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

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

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

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

### **Rule 2.9 information**

In accordance with Rule 2.9 of the Takeover Code, EU Supply confirms that, as at the date of this Announcement, it has in issue 71,716,406 ordinary shares of 0.1 pence each. EU Supply does not hold any ordinary shares in treasury. The International Securities Identification Number (ISIN) for EU Supply's ordinary shares is GB00BFG35570. EU Supply also confirms that, as at the date of this Announcement, it has in issue 1,649,000 fixed rate secured convertible loan notes of £1.00 each due 2020. The International Securities Identification Number (ISIN) for EU Supply's fixed rate secured convertible loan notes is GB00BD03F377.

### **Overseas Jurisdictions**

The release, publication or distribution of this Announcement in or into certain jurisdictions may be restricted by the laws of those jurisdictions. Accordingly, copies of this Announcement and all other announcements and documentation relating to the Transaction are not being, and must not be, released, published, mailed or otherwise forwarded, distributed or sent in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction or any Restricted Jurisdiction. Persons receiving such announcements or documentation (including, without limitation, nominees, trustees and custodians) should inform themselves of, and observe, these restrictions. Failure to do so may constitute a violation of the securities laws of any such jurisdiction. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to vote their EU Supply Shares in respect of the Scheme at the Court Meeting or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting on their behalf, may be affected by

the laws of the relevant jurisdictions in which they are located or to which they are subject. To the fullest extent permitted by applicable law, the companies involved in the Transaction disclaim any responsibility or liability for the violations of any such restrictions by any person.

This Announcement has been prepared for the purposes of complying with English law, the rules of the London Stock Exchange and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws and regulations of any jurisdictions outside England and Wales.

Unless otherwise determined by Mercell or required by the Takeover Code, and permitted by applicable law and regulation, the Transaction will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Transaction by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction.

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

Further details in relation to the treatment of Overseas Shareholders for the purpose of the Transaction will be contained in the Scheme Document.

### **Notice to US Investors**

US shareholders should note that the Scheme relates to the shares of a UK company that is a "foreign private issuer" as defined under Rule 3b-4 under the US Exchange Act of 1934, as amended (the "**US Exchange Act**"), is subject to UK disclosure requirements (which are different from those of the United States) and is proposed to be made by means of a scheme of arrangement provided for under English law. A transaction effected by means of a scheme of arrangement for a foreign private issuer is not subject to the proxy solicitation or tender offer rules under the US Exchange Act. Accordingly, the Scheme is subject to the disclosure requirements, rules and practices applicable in the UK to schemes of arrangement, which differ from the requirements of US proxy solicitation or tender offer rules. Financial information included in the Scheme Document or other relevant documentation will have been prepared, unless specifically stated otherwise, in accordance with accounting standards applicable in the UK and Norway and thus may not be comparable to the financial information of United States companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

US shareholders should be aware that the Transaction may have tax consequences in the United States and under other applicable tax laws and, that such consequences, if any, are not described herein. Each EU Supply Shareholder is urged to consult his independent professional adviser immediately regarding the tax consequences of the Transaction applicable to him.

If Mercell elects to implement the Transaction by means of a Takeover Offer, such Takeover Offer shall be made in compliance with the procedural and filing requirements of the US securities laws at that time, to the extent applicable thereto, including Section 14(e) of the US Exchange Act and Regulation 14E thereunder. Such Takeover Offer would be made in the US by Mercell and no one else. Mercell, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in EU Supply outside such Takeover Offer during the period in which such Takeover Offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made they would be made outside the United States in compliance with applicable law, including the US Exchange Act and the Takeover Code.

### **Information relating to EU Supply Shareholders**

In accordance with Rule 2.11(c) of the Takeover Code, please be aware that addresses, electronic addresses and certain other information provided by EU Supply Shareholders, persons with information rights and other relevant persons for the receipt of communications from EU Supply may be provided to Mercell during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code.

### **No profit forecasts or estimates**

No statement in this Announcement is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for EU

Supply for the current or future period would necessarily match or exceed the historical published earnings or earnings per share for EU Supply.

**Publication on website and hard copies**

A copy of this Announcement and the documents required to be published by Rule 26 of the Takeover Code will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Mercell's website at <https://www.mercell.com/en/105620654/-offer-for-eus.aspx> and EU Supply's website at [www.eu-supply.com/Website/InvestorRelations](http://www.eu-supply.com/Website/InvestorRelations) by no later than 12 noon on the Business Day following the date of this Announcement. For the avoidance of doubt, the content of those websites is not incorporated into and do not form part of this Announcement.

EU Supply Shareholders may request a hard copy of this Announcement by contacting Neville Registrars Limited on 0121 585 1131 (non-UK callers +44 121 585 1131) during business hours or by submitting a request in writing to Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD. If you have received this Announcement in electronic form, copies of this Announcement will not be provided unless such a request is made.

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser, duly authorised under FSMA if you are resident in the United Kingdom, or from another appropriately authorised independent financial adviser.

**Rounding**

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

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF THAT JURISDICTION**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014**

**FOR IMMEDIATE RELEASE**

10 May 2019

**RECOMMENDED CASH OFFER FOR EU SUPPLY BY MERCELL**

**TO BE EFFECTED BY WAY OF A SCHEME OF ARRANGEMENT UNDER PART 26 OF THE COMPANIES ACT 2006**

**1. Introduction**

The Boards of Mercell Holding AS ("**Mercell**") and EU Supply ("**EU Supply**") are pleased to announce that they have reached agreement on the terms of a recommended acquisition of EU Supply by Mercell.

It is currently envisaged that the Transaction will be implemented by way of a court-sanctioned scheme of arrangement between EU Supply and the Scheme Shareholders under Part 26 of the Companies Act, pursuant to which Mercell will acquire, at Completion, the entire issued and to be issued share capital of EU Supply (although Mercell reserves the right to effect the Transaction by way of a Takeover Offer under certain circumstances described in this Announcement).

**2. The Transaction**

Under the terms of the Transaction, which will be subject to the Conditions set out below and in Appendix 1 to this Announcement, and to be set out in the Scheme Document, EU Supply Shareholders will be entitled to receive:

for each EU Supply Share **18.25 pence in cash** (the "**Offer Price**")

The Offer Price represents a premium of approximately:

- (a) 40.4 per cent. to the Closing Price of 13.0 pence per EU Supply Share on 9 May 2019 (being the Last Practicable Date);
- (b) 61.3 per cent. to the volume weighted average price of 11.3 pence per EU Supply Share for the 30 day period ending on 9 May 2019 (being the Last Practicable Date);
- (c) 84.6 per cent. to the volume weighted average price of 9.9 pence per EU Supply Share for the three month period ending on 9 May 2019 (being the Last Practicable Date); and
- (d) 86.1 per cent. to the volume weighted average price of 9.8 pence per EU Supply Share for the six month period ending on 9 May 2019 (being the Last Practicable Date).

The Offer Price values the entire issued share capital of EU Supply at approximately £13.1 million. It is not known how many of the EU Supply Convertible Loan Noteholders will choose to convert their EU Supply Convertible Loan Notes into EU Supply Shares but, if all of the holders of EU Supply Convertible Loan Notes convert their EU Supply Convertible



Loan Notes into EU Supply Shares, the Offer Price would value the then entire issued share capital of EU Supply at approximately £15.7 million.

The Transaction is conditional on, amongst other things, the approval of the Scheme by Scheme Shareholders and the sanction of the Scheme by the Court. Further details on the Conditions are included in paragraph 13 of this Announcement.

Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the EU Supply Meetings and, if they attended and voted, whether or not they voted in favour.

The Scheme Document, containing further information about the Transaction and notices convening the Court Meeting and the EU Supply General Meeting, together with the relevant Forms of Proxy, will be published and sent to EU Supply Shareholders as soon as practicable and, in any event (save with the consent of the Panel), within 28 days of this Announcement.

The timing of implementation of the Transaction will be dependent on a number of factors including availability of the Court.

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

Mercell is a provider of e-tendering Software as a Service (SaaS) solutions in the Nordic region and tender alert SaaS solutions in the Nordic and Baltic regions. Mercell's strategy is to enhance its offering in Northern Europe, and to establish itself and grow in other areas of the European market.

Mercell believes that the acquisition of EU Supply will support its strategy by creating an Enlarged Group with:

- A presence in additional countries across Northern Europe, including the UK, the Netherlands, France and Germany. This will provide a stronger foundation for Mercell's longer term ambition of further European expansion.
- An enhanced product portfolio. EU Supply is primarily focused on the buyer side of e-tendering and, although Mercell also has a strong product offering for the buyer side, it has additional capabilities on the supplier side, including being able to provide tender alerts. This additional capability will improve and expand the Enlarged Group's e-tendering offering, delivering safe and efficient products and services to the whole public e-tendering market, as well as providing cross-selling opportunities across the Enlarged Group's widened customer base.
- Improved and complementary R&D capabilities. Both EU Supply and Mercell have strong track records of product development and the Enlarged Group's R&D resources and expertise will be highly complementary. This will enable the Enlarged Group to strengthen product innovation and over time accelerate new product launches.
- Cost synergies. It is anticipated that the key driver of cost synergies is the efficiencies that the Enlarged Group could deliver as a result of the complementary nature of the businesses and the ability to leverage the Enlarged Group's additional scale. Potential cost savings could be achieved through the transition to common administrative systems and centralising shared support functions.
- Additional skills and expertise through the combination of both EU Supply's and Mercell's employees and select management. Both EU Supply and Mercell have employees and management with experience and expertise in e-tendering software, which will benefit the Enlarged Group in the future.

#### 4. **Recommendation**

The EU Supply Directors, who have been so advised by Stockdale Securities as to the financial terms of the Transaction, consider the terms of the Transaction to be fair and reasonable. In providing their advice to the EU Supply Directors, Stockdale Securities has taken into account the commercial assessments of the EU Supply Directors. Stockdale Securities is providing independent financial advice to the EU Supply Directors for the purpose of Rule 3 of the Takeover Code.

**Accordingly, the EU Supply Directors intend unanimously to recommend that EU Supply Shareholders vote in favour of the Scheme at the Court Meeting and the EU Supply Resolutions at the EU Supply General Meeting (or, in the event that the Transaction is implemented by way of a Takeover Offer, to accept or procure acceptance of such Takeover Offer) as the EU Supply Directors who hold, or are otherwise beneficially interested in, EU Supply Shares have irrevocably undertaken to do in respect of the beneficial holdings which are under their control of, in aggregate, 11,472,314 EU Supply Shares (representing, in aggregate, approximately 16.0 per cent. of the EU Supply Shares in issue on the Last Practicable Date).**

Further details of these irrevocable undertakings are set out in Appendix 3 to this Announcement.

#### 5. **Background to and reasons for the EU Supply Directors' recommendation**

In its audited final results for the year ended 31 December 2018, released on 26 April 2019, EU Supply announced that it had achieved a maiden profit before tax of £0.4 million (2017: loss of £0.2 million).

Significant development resources were allocated in the second half of 2018 to build new services for buyers and suppliers, which are expected to underpin EU Supply's recurring revenue growth in the medium-term.

The development of EU Supply's micro procurement solution to existing and new customers is proceeding to plan and is expected to further increase recurring revenue growth. Over the last couple of years, EU Supply has focused on achieving its target of profitability and more recently on developing additional services to generate increased recurring revenues. The Board of EU Supply believes that EU Supply is therefore well placed to focus on adding sales to its profitable platform to deliver on its growth plan and, with its SaaS model, has the potential to benefit from operating leverage. Against this backdrop, EU Supply has reached a significant stage in its development given the current state of the market and the likely requirement for additional accelerated investment sales staff, continued investment in technology, building of a qualification service delivery team to best capitalise on the micro procurement opportunity and the need for further economies of scale to reduce costs and to deliver future earnings growth. The EU Supply Directors have also considered the advantages of EU Supply being part of a larger, complementary group with enhanced scale and synergistic services in order to accelerate its growth.

Accordingly, the EU Supply Directors have evaluated the Transaction and concluded that its terms are fair and reasonable for the following reasons:

- the Transaction represents an opportunity for all EU Supply Shareholders to realise value for their investment in cash at an attractive premium to the current price per EU Supply Share;
- Merzell represents a natural partner for EU Supply and there is a strong strategic and commercial rationale for a combination of the two complementary businesses;

- the Transaction accelerates the potential strategic development of EU Supply as part of the Enlarged Group, which the EU Supply Directors believe would allow it to better capitalise on its European footprint; and
- the Transaction enhances the prospects of EU Supply for the benefit of all of its stakeholders, including its customers and employees.

#### 6. **Irrevocable undertakings in relation to the Transaction**

Mercell has received irrevocable undertakings to vote, or procure a vote, in favour of the Scheme at the Court Meeting and the EU Supply Resolutions at the EU Supply General Meeting (or, in the event that the Transaction is implemented by way of a Takeover Offer, to accept or procure acceptance of such Takeover Offer) from each of the EU Supply Directors who hold, or are otherwise beneficially interested in EU Supply Shares in respect of, in aggregate, 11,472,314 EU Supply Shares (representing, in aggregate, approximately 16.0 per cent. of the EU Supply Shares in issue on the Last Practicable Date).

Mercell has also received irrevocable undertakings from certain other EU Supply Shareholders to vote, or procure a vote, in favour of the Scheme at the Court Meeting and the EU Supply Resolutions relating to the Transaction at the EU Supply General Meeting (or, in the event that the Transaction is implemented by way of a Takeover Offer, to accept or procure acceptance of such Takeover Offer) in respect of, in aggregate, 19,620,377 EU Supply Shares (representing, in aggregate, approximately 27.4 per cent. of the EU Supply Shares in issue on the Last Practicable Date).

In total, therefore, Merzell has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the EU Supply Resolutions at the EU Supply General Meeting in respect of, in aggregate, 31,092,691 EU Supply Shares (representing, in aggregate, approximately 43.4 per cent. of the EU Supply Shares in issue on the Last Practicable Date).

Further details of these irrevocable undertakings are set out in Appendix 3 to this Announcement.

#### 7. **Letter of intent in relation to the Transaction**

Mercell has received a non-binding letter of intent from an EU Supply Shareholder to vote, or procure a vote, in favour of the Scheme at the Court Meeting and the EU Supply Resolutions relating to the Transaction at the EU Supply General Meeting (or, in the event that the Transaction is implemented by way of a Takeover Offer, to accept or procure acceptance of such Takeover Offer) in respect of 3,011,000 EU Supply Shares (representing approximately 4.2 per cent. of the EU Supply Shares in issue on the Last Practicable Date).

Further details of this letter of intent is set out in Appendix 3 to this Announcement.

#### 8. **Information on Merzell**

Founded in 1999, Merzell is a provider of e-tendering Software as a Service (SaaS) solutions in the Nordic region and tender alert SaaS solutions in the Nordic and Baltic regions. Headquartered in Oslo, Norway and with a market presence in seven countries, Merzell's software solutions simplify the public procurement process and interaction between buyers and suppliers enabling digitisation and increased efficiency. Merzell's software covers tender offers from public sectors across Europe as well as some exclusive tenders from private companies in the Nordic region.

Mercell's software is used by public buyers in Norway, Denmark and Sweden. Its SaaS based solution allows authorities to manage the entire tender process in compliance with

EU Directives and national legislation. The system meets EU requirements for conducting an electronic tender process within the public sector and is continuously developed in accordance with the current regulations in the area.

Suppliers from many industries use Mercell's software to discover online, public and global tenders and contracts. As part of its solution, Mercell offers suppliers notifications of online tender offers, public sales, leads, upcoming tenders and expiring frameworks.

In July 2018, Mercell received investment by Viking Venture, a leading Nordic B2B SaaS investor.

## 9. **Information on EU Supply**

EU Supply is the UK holding company of the EU Supply Group, a Sweden-based e-commerce business, which has an established, multilingual e-procurement platform for e-sourcing, e-tendering and contract management, tailored for the highly regulated European public sector market.

Since 2006, the EU Supply Group has invested heavily in employing specialist programmers to add functionality, supporting legal compliance for its customers as required and security features to its Complete Tender Management™ ("CTM™") platform to ensure that it is ideally placed to secure new contracts with EU Member States and their contracting authorities.

The EU Supply Directors believe that the CTM™ platform is one of the easiest to use and most functionally advanced solutions available in the market. The CTM™ platform is used by over 8,000 European public sector bodies in nine EU/EEC member states and has National Procurement System status in four member states (the UK, Ireland, Norway and Lithuania). The platform is available in 16 different languages.

EU Supply's shares were admitted to trading on AIM in November 2013.

## 10. **Management, employees, research and development and locations of the business**

### ***Future business of EU Supply***

Through the acquisition of EU Supply, it is expected that the Enlarged Group will have an enhanced offering in procurement and contract management, by being able to offer both current and new customers a wider suite of products and services.

As part of the integration process it is anticipated that EU Supply employee reporting lines will be updated to reflect the ownership structure of the Enlarged Group and within the first four months following Completion, a full review of the EU Supply business will be undertaken to assess any further organisational and structural changes that should be implemented to benefit the Enlarged Group. The parameters of the review have not yet been finalised, however, the review does not supersede the specific stated intentions in this paragraph 10.

Following Completion, subject to the outcome of the review, it is intended that the business of EU Supply will continue to operate in materially the same way as it has been operated prior to Completion.

### ***Employees and management***

Mercell attaches great importance to the skills and experience of the existing management and employees of EU Supply and believes that the Enlarged Group would offer employees greater opportunities than would be available if the Transaction did not proceed.

Mercell is confident that the integration of the two businesses can be achieved without undue disruption to the underlying operations of each business and Mercell does not intend to make any material reductions to EU Supply's employee base in the twelve months following Completion.

At a EU Supply management level, in order to release the strategic market potential of the Enlarged Group, Mercell intends to appoint selected members of EU Supply's current management for prominent operational and strategic roles in the Enlarged Group. It is also expected that, conditional upon, and with effect from Completion, the Chairman and the other Non-Executive Director will resign from the Board of EU Supply.

### ***Existing rights and pensions***

Mercell confirms that, following Completion, the existing contractual and statutory employment rights, including pension rights, of EU Supply management and employees will be fully safeguarded in accordance with applicable law.

Mercell does not intend to make any material change to the conditions of employment of EU Supply Group employees nor the balance of skills and functions of such employees, save, potentially, for the hire of additional employees into potential new functions in the Enlarged Group.

Mercell has no intention to make any reduction to the level of employer contribution into any of the pension schemes operated by EU Supply. Mercell does not operate any defined benefit pension schemes.

Mercell has not entered into, and has not had discussions on proposals to enter into, any form of incentivisation arrangements with members of EU Supply's management nor will it have any such discussions before Completion. It is Mercell's intention to put in place appropriate management incentivisation arrangements following Completion.

### ***Locations, headquarters and fixed assets***

The headquarters of the Enlarged Group will be at Mercell's headquarters in Oslo, Norway. Mercell will retain EU Supply's headquarters in Stockholm, Sweden and, subject to the outcome of the above review, has no intention to make any material changes in location or functions of EU Supply's headquarters, operations and places of business.

In addition, no changes are expected with respect to the redeployment of EU Supply's fixed asset base.

### ***Research and development functions***

Both EU Supply and Mercell use research and development functions to improve and strengthen their products and services. Mercell intends to continue to support and improve EU Supply's research and development functions with no significant changes expected, save, potentially, for the hire of additional employees to supplement EU Supply's research and development functions.

### ***Trading facilities***

EU Supply Shares are currently admitted to trading on AIM. As set out in paragraph 17 of this Announcement, a request will be made to the London Stock Exchange to cancel trading in EU Supply Shares and de-list EU Supply from AIM and re-register it as a private company.

### ***Other***

In accordance with Rule 2.11 of the Takeover Code, EU Supply will make available to its employees a copy of this Announcement and will inform its employees of the rights of any employee representatives under Rule 25.9 of the Takeover Code to require that a separate opinion of any employee representatives on the effects of the Scheme on employment be appended to the Scheme Document.

No statements in this paragraph 10 are "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

**11. Offer-related arrangements**

**Confidentiality Agreement**

Mercell and EU Supply entered into the Confidentiality Agreement on 12 February 2019 pursuant to which Mercell and EU Supply have undertaken to each other to keep information provided to each other in connection with the Transaction confidential and not to disclose it to third parties (other than to permitted recipients) unless required by law or regulation.

The Confidentiality Agreement also prohibits Mercell and EU Supply from contacting each other's officers, employees, consultants, advisers, landlords, bankers, customers, clients or suppliers, without the prior written consent of the other, unless they have been designated authorised contacts.

The Confidentiality Agreement includes standstill obligations which, subject to certain exceptions and for a period of one year from the date of the agreement, prohibit Mercell from, amongst other things, acquiring or entering into any agreement to acquire any EU Supply Shares.

The confidentiality obligations of each of Mercell and EU Supply will terminate on the earlier of (i) Completion and (ii) the second anniversary of the date of the Confidentiality Agreement.

**Clean Team Agreement**

Mercell and EU Supply entered into a clean team agreement on 9 April 2019, which sets out how any information which is commercially and/or competitively sensitive to EU Supply may be shared with Mercell to assist Mercell's evaluation and negotiation of the Transaction.

**12. Financing of the Transaction**

Liberum, in its capacity as financial adviser to Mercell, is satisfied that sufficient resources are available to Mercell to enable it to satisfy in full the cash consideration payable to EU Supply Shareholders under the terms of the Transaction.

The cash consideration payable to EU Supply Shareholders under the terms of the Transaction will be funded from Mercell's existing cash resources and facilities.

**13. Structure of the Transaction and the Scheme Document**

**Scheme**

It is intended that the Transaction will be implemented by way of a court-sanctioned scheme of arrangement of EU Supply under Part 26 of the Companies Act. The Scheme is an arrangement between EU Supply and the Scheme Shareholders to which Mercell will adhere and is subject to the approval of the Court.

The purpose of the Scheme is to enable Mercell to become the holder of the entire issued share capital of EU Supply at Completion. This is to be achieved by the transfer by the Scheme Shareholders of the Scheme Shares to Mercell in consideration for which the Scheme Shareholders on the register of members at the Scheme Record Time will receive the consideration on the basis set out in paragraph 2 of this Announcement. The procedure involves, amongst other matters, applications by EU Supply to the Court to convene the Court Meeting and to sanction the Scheme.

The Scheme Document will include full details of the Scheme, together with notice of the Court Meeting and the EU Supply General Meeting. The Scheme Document will also specify the actions available to be taken by the Scheme Shareholders. It is expected that the Scheme Document, containing further information about the Transaction and notices of the Court Meeting and EU Supply General Meeting, together with the relevant Forms of Proxy, will be published and posted to EU Supply Shareholders as soon as practicable and, in any event, within 28 days of this Announcement (or such later date as is agreed between Mercell, EU Supply and the Panel).

### **Conditions**

The Transaction is subject to the Conditions and further terms set out in Appendix 1 to this Announcement and to be set out in the Scheme Document and will only become Effective if, amongst other things, the following events occur on or before the Long Stop Date:

- a resolution to approve the Scheme is passed at the Court Meeting by a majority in number of the Scheme Shareholders voting representing not less than 75 per cent. in value of the Scheme Shares voted, whether in person or by proxy, at the Court Meeting;
- each of the EU Supply Resolutions necessary to implement the Scheme is passed by the requisite majority of EU Supply Shareholders at the EU Supply General Meeting;
- the Scheme is sanctioned by the Court; and
- a copy of the Court Order is delivered to the Registrar of Companies.

If any Condition in paragraph 1(a) of Appendix 1 to this Announcement is not capable of being satisfied by the date specified therein, Mercell shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by not later than 7.00 a.m. on the Business Day following the date so specified, stating whether Mercell has invoked that Condition, (where applicable) waived that Condition or, with the agreement of EU Supply, specified a new date by which that Condition must be satisfied.

### **Scheme becoming Effective**

Once the necessary approvals from EU Supply Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived and the Scheme has been approved by the Court, the Scheme will become effective upon delivery of a copy of the Court Order to the Registrar of Companies. Subject to the satisfaction of the Conditions or (where applicable) waiver, the Scheme is expected to become Effective early in the third quarter of 2019. The timing of implementation of the Transaction will be dependent on a number of factors including availability of the Court.

Upon the Scheme becoming Effective: (i) it will be binding on all EU Supply Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EU Supply General Meeting (and, if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of EU Supply Shares will cease to be valid and entitlements to EU Supply Shares held in CREST will be cancelled.

The cash consideration payable under the Transaction will be despatched by Mercell to Scheme Shareholders as soon as possible and no later than 14 days after the Effective Date. Further details in relation to settlement of the cash consideration payable under the Transaction for Scheme Shares held both in certificated and uncertificated form will be set out in the Scheme Document that will be circulated to EU Supply Shareholders.

#### **Lapsing of the Transaction**

The Transaction shall lapse if, amongst other things, the Scheme does not become Effective by the Long Stop Date (or such later date as may be agreed between EU Supply and Mercell, with the consent of the Court or the Panel, if required).

#### **14. Further terms of the Transaction**

Any EU Supply Shares issued on or before the Scheme Record Time will be subject to the terms of the Scheme. The EU Supply Shares will be acquired by Mercell pursuant to the Transaction fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever and together with all rights now or hereafter attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this Announcement.

In so far as any dividend or other distribution or return of value is authorised, declared, made, paid or payable by EU Supply in respect of the Scheme Shares on or after the date of this Announcement and prior to the Effective Date, Mercell will be entitled to reduce the Offer Price in respect of the Scheme Shares by the aggregate amount of any such dividend, other distribution or return of value except where the Scheme Shares are or will be acquired on a basis which entitles Mercell to receive the dividend, other distribution or return of value and retain it.

#### **15. Interests in EU Supply Shares**

Save for the irrevocable undertakings referred to in paragraph 6 of this Announcement or as otherwise disclosed in this Announcement, as at the Last Practicable Date, neither Mercell nor, so far as Mercell is aware, any person acting in concert (within the meaning of the Takeover Code) with Mercell for the purpose of the Transaction:

- has any interest in, or right to subscribe for, any EU Supply Shares nor does any such person have any short position in EU Supply Shares (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell, any delivery obligation or right to require another person to purchase or take delivery of EU Supply Shares;
- has borrowed or lent any EU Supply Shares or securities convertible or exchangeable into EU Supply Shares; or
- is party to any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Takeover Code in relation to EU Supply Shares or securities convertible or exchangeable into EU Supply Shares.

#### **16. EU Supply Convertible Loan Notes**

EU Supply Convertible Loan Noteholders will be contacted regarding the effect of the Transaction on their rights under the EU Supply Convertible Loan Notes and appropriate proposals will be made and communicated to such holders in due course.

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



EU Supply intends, prior to the Scheme becoming Effective, to make an application to the London Stock Exchange for the cancellation of trading of the EU Supply Shares on AIM to take effect from or shortly after the Effective Date.

The last day of dealings in EU Supply Shares on AIM is expected to be the Business Day immediately prior to the Effective Date and no transfers will be registered after 6.30 p.m. on that date. On the Effective Date, share certificates in respect of EU Supply Shares will cease to be valid and entitlements to EU Supply Shares held within the CREST system will be cancelled.

If the Transaction is effected by way of a Takeover Offer, it is anticipated that the cancellation of trading of the EU Supply Shares on AIM will take effect no earlier than 20 Business Days following the date on which the Takeover Offer becomes or is declared unconditional in all respects provided Mercell has obtained 75 per cent. or more of the voting rights of EU Supply.

The EU Supply Resolutions are expected to contain a resolution to re-register EU Supply as a private company, conditional on the Scheme becoming Effective. Therefore, on or shortly after the Effective Date, EU Supply is expected to be re-registered as a private company.

Delisting will significantly reduce the liquidity and marketability of EU Supply Shares. If the Transaction is effected by way of a Takeover Offer and such offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Mercell intends to exercise its rights to acquire compulsorily the remaining EU Supply Shares in respect of which the offer has not been accepted.

**18. Fractional entitlements**

Fractions of pence will not be paid to Scheme Shareholders and cash entitlements will be rounded down to the nearest penny.

**19. Overseas Shareholders**

Overseas Shareholders may be affected by the laws of other jurisdictions in relation to the Transaction or the Scheme. Overseas Shareholders should inform themselves about and observe all applicable legal requirements.

The availability of the Transaction to persons who are not resident in, and the distribution of this Announcement to persons who are not resident in, the United Kingdom may be affected by the laws of the relevant jurisdiction in which such persons are located. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. EU Supply Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the jurisdiction without delay.

Further details in relation to the treatment of Overseas Shareholders for the purpose of the Transaction will be contained in the Scheme Document.

**20. Documents on display**

Copies of the following documents will, in accordance with Rule 26.2 of the Takeover Code, by no later than noon on the Business Day following the date of this Announcement until the end of the Offer Period, be available on Mercell's website at <https://www.mercell.com/en/105620654/-offer-for-eus.aspx> and on EU Supply's website at [www.eu-supply.com/Website/InvestorRelations](http://www.eu-supply.com/Website/InvestorRelations), subject, in each case, to certain restrictions relating to persons resident in Restricted Jurisdictions:

- (a) this Announcement;

- (b) the Confidentiality Agreement;
- (c) the Clean Team Agreement;
- (d) the irrevocable undertakings referred in paragraph 6 of this Announcement;
- (e) the letter of intent referred to in paragraph 7 of this Announcement; and
- (f) the written consents referred to in paragraph 22 of this Announcement.

The content of the websites referred to in this Announcement are not incorporated into and do not form part of this Announcement.

## 21. **General**

The Transaction will be subject to the Conditions and certain further terms set out in Appendix 1 to this Announcement and to the full terms and conditions to be set out in the Scheme Document and Forms of Proxy.

Appendix 2 to this Announcement contains the sources and bases of certain information contained in this Announcement.

Appendix 3 to this Announcement contains details of the irrevocable undertakings and the letter of intent received by Mercell.

Appendix 4 to this Announcement contains the definitions of certain terms used in this Announcement.

The Scheme will be governed by English law and will be subject to the jurisdiction of the courts of England and Wales. The Scheme will be subject to the applicable requirements of the Takeover Code, the Panel and the London Stock Exchange.

Market soundings (as defined in MAR) were taken in respect of the Transaction with the result that certain persons became aware of inside information, as permitted by MAR. That inside information is set out in this Announcement, therefore, those persons that received inside information in a market sounding are no longer in possession of inside information relating to EU Supply and its securities.

### **Right to switch to Takeover Offer**

Mercell reserves the right to elect, with the consent of the Panel, to implement the acquisition of the EU Supply Shares by way of a Takeover Offer as an alternative to the Scheme. In such event, the Transaction will be implemented by Mercell and/or one or more wholly owned subsidiaries of Mercell on substantially the same terms as those which would apply to the Scheme (subject to such amendments as are appropriate for an acquisition being made by way of takeover offer under Part 28 of the Companies Act, including, if the Panel so agrees, an acceptance condition set at up to 90 per cent. of the shares to which such Takeover Offer relates or at such other lower percentage as Mercell may, with the agreement of EU Supply and subject to the rules of the Takeover Code and with the consent of the Panel, decide, provided that if it became or was declared unconditional in all respects, the Transaction would result in Mercell holding EU Supply Shares carrying greater than 50 per cent. of the voting rights in EU Supply).

## 22. **Consents**

Liberum and Stockdale Securities have each given and not withdrawn their written consent to the publication of this Announcement with the inclusion herein of the references to their names in the form and context in which they appear.

## **Enquiries:**

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### **Stockdale Securities (financial adviser, nominated adviser and broker to EU Supply)**

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## **Further information**

*This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Transaction or otherwise, nor shall there be any sale, issuance or transfer of securities of EU Supply or Mercell in any jurisdiction pursuant to the Transaction in contravention of applicable law.*

*The Transaction will be implemented solely pursuant to the Scheme Document to be distributed to EU Supply Shareholders, which, together with the Forms of Proxy will contain the full terms and conditions of the Transaction including details of how to vote in respect of the Transaction. Any vote in respect of the Scheme or other response in relation to the Transaction should be made only on the basis of the information contained in the Scheme Document.*

*EU Supply will prepare the Scheme Document to be distributed to EU Supply Shareholders. EU Supply urges EU Supply Shareholders to read the Scheme Document when it becomes available because it will contain important information in relation to the Transaction and the Enlarged Group. Any vote in respect of the Scheme or other response in relation to the Transaction should be made only on the basis of the information contained in the Scheme Document.*

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

## **Important notices**

*Liberum Capital Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority is acting exclusively as financial adviser to Mercell and no one else in connection with the Transaction, the contents of this Announcement or any other matters referred to in this Announcement and will not be responsible to anyone other than Mercell for providing the protections afforded to clients of Liberum Capital Limited nor for providing advice in relation to the Transaction, the contents of this Announcement or any other matters referred to in this Announcement.*

*Stockdale Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority is acting exclusively as financial adviser to EU Supply and no one else in connection with the Transaction, the contents of this Announcement or any other matters referred to in this Announcement and will not be responsible to anyone other than EU Supply for providing the protections afforded to clients of Stockdale Securities Limited nor for providing advice in relation to the Transaction, the contents of this Announcement or any other matters referred to in this Announcement.*

## **Forward-looking statements**

*This Announcement contains statements about the Wider Mercell Group, the Wider EU Supply Group and the Enlarged Group that are or may be forward-looking statements. All statements other than statements of historical facts included in this Announcement may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "should", "continue", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects", "ambition" or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the Wider EU Supply Group's, the Wider Mercell Group's or the Enlarged Group's operations and potential synergies resulting from the Transaction; and (iii) the effects of government regulation on the Wider EU Supply Group's, the Wider Mercell Group's or the Enlarged Group's business.*

*Such forward-looking statements involve risks and uncertainties that could significantly affect expected results and are based on assumptions and assessments made by Mercell and/or EU Supply in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. Neither the Wider EU Supply Group nor the Wider Mercell Group assume any obligation to update any forward-looking or other statements contained herein, except as required by applicable law or regulation.*

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

*Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

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

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

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

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

### **Rule 2.9 information**

In accordance with Rule 2.9 of the Takeover Code, EU Supply confirms that, as at the date of this Announcement, it has in issue 71,716,406 ordinary shares of 0.1 pence each. EU Supply does not hold any ordinary shares in treasury. The International Securities Identification Number (ISIN) for EU Supply's ordinary shares is GB00BFG35570. EU Supply also confirms that, as at the date of this Announcement, it has in issue 1,649,000 fixed rate secured convertible loan notes of £1.00 each due 2020. The International Securities Identification Number (ISIN) for EU Supply's fixed rate secured convertible loan notes is GB00BD03F377.

### **Overseas Jurisdictions**

The release, publication or distribution of this Announcement in or into certain jurisdictions may be restricted by the laws of those jurisdictions. Accordingly, copies of this Announcement and all other announcements and documentation relating to the Transaction are not being, and must not be, released, published, mailed or otherwise forwarded, distributed or sent in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction or any Restricted Jurisdiction. Persons receiving such announcements or documentation (including, without limitation, nominees, trustees and custodians) should inform themselves of, and observe, these restrictions. Failure to do so may constitute a violation of the securities laws of any such jurisdiction. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to vote their EU Supply Shares in respect of the Scheme at the Court Meeting or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. To the fullest extent permitted by applicable law, the companies involved in the Transaction disclaim any responsibility or liability for the violations of any such restrictions by any person.

This Announcement has been prepared for the purposes of complying with English law, the rules of the London Stock Exchange and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws and regulations of any jurisdictions outside England and Wales.

Unless otherwise determined by Mercell or required by the Takeover Code, and permitted by applicable law and regulation, the Transaction will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Transaction by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction.

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

Further details in relation to the treatment of Overseas Shareholders for the purpose of the Transaction will be contained in the Scheme Document.

### **Notice to US Investors**

US shareholders should note that the Scheme relates to the shares of a UK company that is a "foreign private issuer" as defined under Rule 3b-4 under the US Exchange Act of 1934, as amended (the "**US Exchange Act**"), is subject to UK disclosure requirements (which are different from those of the United States) and is proposed to be made by means of a scheme of arrangement provided for under English law. A transaction effected by means of a scheme of arrangement for a foreign private issuer is not subject to the proxy solicitation or tender offer rules under the US Exchange Act. Accordingly, the Scheme is subject to the disclosure requirements, rules and practices applicable in the UK to schemes of arrangement, which differ from the requirements of US proxy solicitation or tender offer rules. Financial information included in the Scheme Document or other relevant documentation will have been prepared, unless specifically stated otherwise, in accordance with accounting standards applicable in the UK and Norway and thus may not be comparable to the financial information of United States companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

US shareholders should be aware that the Transaction may have tax consequences in the United States and under other applicable tax laws and, that such consequences, if any, are not described herein. Each EU Supply shareholder is urged to consult his independent professional adviser immediately regarding the tax consequences of the Transaction applicable to him.

If Mercell elects to implement the Transaction by means of a Takeover Offer, such Takeover Offer shall be made in compliance with the procedural and filing requirements of the US securities laws at that time, to the extent applicable thereto, including Section 14(e) of the US Exchange Act and Regulation 14E thereunder. Such

Takeover Offer would be made in the US by Mercell and no one else. Mercell, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in EU Supply outside such Takeover Offer during the period in which such Takeover Offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made they would be made outside the United States in compliance with applicable law, including the US Exchange Act and the Takeover Code.

#### **Information relating to EU Supply Shareholders**

In accordance with Rule 2.11(c) of the Takeover Code, please be aware that addresses, electronic addresses and certain other information provided by EU Supply Shareholders, persons with information rights and other relevant persons for the receipt of communications from EU Supply may be provided to Mercell during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code.

#### **No profit forecasts or estimates**

No statement in this Announcement is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for EU Supply for the current or future period would necessarily match or exceed the historical published earnings or earnings per share for EU Supply.

#### **Publication on website and hard copies**

A copy of this Announcement and the documents required to be published by Rule 26 of the Takeover Code will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Mercell's website at <https://www.mercell.com/en/105620654/-offer-for-eus.aspx> and EU Supply's website at [www.eu-supply.com/Website/InvestorRelations](http://www.eu-supply.com/Website/InvestorRelations) by no later than 12 noon on the Business Day following the date of this Announcement. For the avoidance of doubt, the content of those websites is not incorporated into and do not form part of this Announcement.

EU Supply Shareholders may request a hard copy of this Announcement by contacting Neville Registrars Limited on 0121 585 1131 (non-UK callers +44 121 585 1131) during business hours or by submitting a request in writing to Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD. If you have received this Announcement in electronic form, copies of this Announcement will not be provided unless such a request is made.

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser, duly authorised under FSMA if you are resident in the United Kingdom, or from another appropriately authorised independent financial adviser.

#### **Rounding**

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

## APPENDIX 1

### CONDITIONS AND FURTHER TERMS OF THE TRANSACTION

The Transaction will comply with the Takeover Code, will be governed by English law and will be subject to the exclusive jurisdiction of the English courts. In addition it will be subject to the terms and conditions set out in the Scheme Document and related Forms of Proxy.

#### 1. Conditions of the Scheme and the Transaction

##### Statutory Conditions

The Scheme will be subject to the following Conditions:

- (a) (i) the approval by a majority in number representing not less than 75 per cent. in value of Scheme Shareholders (or the relevant class or classes thereof, if applicable) who are on the register of members of EU Supply at the Voting Record Time, present and voting (and entitled to vote), either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required (or, in either case, any adjournment thereof); and (ii) such Court Meeting (or any adjournment thereof) being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Mercell and EU Supply in writing and the Court may allow);
- (b) (i) all resolutions required to implement the Scheme and to approve certain related matters being duly passed at the EU Supply General Meeting (or any adjournment thereof); and (ii) the EU Supply General Meeting (or any adjournment thereof) being held on or before the 22nd day after the expected date of the EU Supply General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Mercell and EU Supply in writing and the Court may allow);
- (c) (i) the sanction of the Scheme by the Court (with or without modification (but subject to such modification being acceptable to Mercell and EU Supply)) and the delivery of a copy of the Court Order to the Registrar of Companies; and (ii) the Court Hearing being held on or before the 22nd day after the expected date of the Court Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Mercell and EU Supply in writing and the Court may allow); and
- (d) the Scheme becoming unconditional and Effective, by no later than 11.59 p.m. on the Long Stop Date or such later date (if any) as Mercell and EU Supply may agree in writing and the Panel and the Court may allow (if such consent and/or approval is required).

If any Condition referred to in paragraphs 1(a) to (d) above is not capable of being satisfied by the date specified therein, Mercell shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by not later than 7.00 a.m. on the Business Day following the date so specified, stating whether Mercell has invoked that Condition or, with the agreement of EU Supply, specified a new date by which that Condition must be satisfied. Mercell will not be permitted to invoke the timing element of any Condition referred to in paragraphs 1(a) to (c), where non-satisfaction of that Condition is caused by any act or failure to act by Mercell (other than a refusal by Mercell to agree to an extension).

#### 2. General conditions

EU Supply and Merzell have agreed that, subject to the provisions of paragraph 3 below and the requirements of the Panel in accordance with the Takeover Code, the Scheme will also be conditional upon the satisfaction or, where relevant, waiver of the following Conditions:

(a) **Third Party clearances**

- (i) any relevant material change of control consents, notifications or approvals as are required having been received or given (as appropriate) prior to Completion according to the law of any other jurisdiction;
- (ii) a Third Party not having cancelled or varied, and not having notified any member of the EU Supply Group of any proposal to cancel or vary, any permission held by any authorised person within the EU Supply Group which is required to carry on the business of the Wider EU Supply Group as carried out at the date of this Announcement and which is material to the EU Supply Group taken as a whole;
- (iii) no Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
  - (A) make the Transaction, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider EU Supply Group by any member of the Wider Merzell Group void, illegal and/or unenforceable under the laws of any relevant jurisdiction;
  - (B) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Merzell Group directly or indirectly to acquire or hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in EU Supply (or any member of the Wider EU Supply Group) or on the ability of any member of the Wider EU Supply Group or any member of the Wider Merzell Group directly or indirectly to hold or exercise effectively any rights of ownership in respect of shares or other securities (or the equivalent) in any member of the Wider EU Supply Group;
  - (C) require, prevent or materially delay a divestiture or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Merzell Group of any shares or other securities (or the equivalent) in any member of the Wider EU Supply Group;
  - (D) result in any member of the Wider EU Supply Group ceasing to be able to carry on business under any name under which it presently carries on business;
  - (E) impose any limitation on the ability of any member of the Wider Merzell Group or any member of the Wider EU Supply Group to conduct, integrate or co-ordinate all or any part of their respective businesses with all or any part of the business of any other member of the Wider Merzell Group and/or the Wider EU Supply Group in a manner which is materially adverse to the Wider Merzell Group and/or the Wider EU Supply Group, in either case, taken as a whole or in the context of the Transaction; or



- (F) otherwise materially adversely affect any or all of the business, assets, value profits, prospects, operational performance, financial or trading position of any member of the Wider EU Supply Group or any member of the Wider Merzell Group in each case in a manner which is adverse to and material in the context of the Wider EU Supply Group taken as a whole,

and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Transaction or proposed acquisition of any EU Supply Shares or otherwise intervene having expired, lapsed, or been terminated;

- (iv) all material notifications, filings or applications which are deemed by Merzell (acting reasonably) to be necessary having been made in connection with the Transaction and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with in all material respects, in each case, in respect of the Scheme and the Transaction, and all Authorisations which are deemed by Merzell (acting reasonably) to be necessary in any jurisdiction for or in respect of the Scheme or the Transaction or the proposed acquisition of any shares or other securities in, or control of, EU Supply by any member of the Wider Merzell Group having been obtained in terms and in a form satisfactory to Merzell (acting reasonably) from all appropriate Third Parties and all such Authorisations which are deemed by Merzell (acting reasonably) to be necessary or appropriate to carry on the business of any member of the Wider EU Supply Group in any jurisdiction having been obtained, in each case where the direct consequence of a failure to make such notification or filing or to wait for the expiry, lapse or termination of any such waiting or other time period or to comply with such obligation or obtain such Authorisation would be unlawful in any relevant jurisdiction or have a material adverse effect on the Wider EU Supply Group and all such Authorisations remaining in full force and effect at the time at which the Scheme becomes Effective and there being no notice of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations; or
- (v) no temporary restraining order, preliminary or permanent injunction, preliminary or permanent enjoinder, or other order issued and being in effect by a court or other Third Party which has the effect of making the Transaction or any acquisition or proposed acquisition of any shares or other securities or control or management of, any member of the Wider EU Supply Group by any member of the Wider Merzell Group void, voidable, illegal and/or enforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prohibiting, preventing, restraining, restricting, delaying or otherwise interfering with the consummation or the approval of the Transaction or the proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider EU Supply Group by any member of the Wider Merzell Group.

(b) **Confirmation of absence of adverse circumstances**

Except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider EU Supply Group is a party or by or to which any such member or any of its

assets is or may be bound, entitled or be subject which, as a consequence of the Transaction or the proposed acquisition by any member of the Wider Mercell Group of any shares or other securities in EU Supply or because of a change in the control or management of any member of the Wider EU Supply Group or otherwise, would or might reasonably be expected to result in, in each case to an extent which is material in the context of the EU Supply Group taken as a whole:

- (i) the rights, liabilities, obligations, interests or business of any member of the Wider EU Supply Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider EU Supply Group in or with any other firm or company or body or person (or any agreement or arrangement relating to any such business or interests) being or likely to become terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
  - (ii) any member of the Wider EU Supply Group ceasing to be able to carry on business under any name under which it presently carries on business;
  - (iii) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider EU Supply Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to such member;
  - (iv) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider EU Supply Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen), becoming enforceable;
  - (v) the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider EU Supply Group being prejudiced or adversely affected;
  - (vi) the creation or acceleration of any liability (actual or contingent) by any member of the Wider EU Supply Group other than trade creditors or other liabilities incurred in the ordinary course of business;
  - (vii) any requirement on any member of the Wider EU Supply Group to acquire, subscribe, pay up or repay any shares or other securities (other than as contemplated by the terms of the Transaction or the Scheme); or
  - (viii) any liability of any member of the Wider EU Supply Group to make any severance, termination, bonus or other payment to any of its directors or other officers.
- (c) **No material transactions, claims or changes in the conduct of the business of the EU Supply Group**

Except as Disclosed, no member of the Wider EU Supply Group having since 31 December 2018:

- (i) save as between EU Supply and its wholly owned subsidiaries or between such wholly owned subsidiaries and save for the issue or transfer out of treasury of EU Supply Shares on the exercise of options or vesting of awards granted before the date of this Announcement in the ordinary course, issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue of additional shares of any class, or securities

or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities;

- (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than to EU Supply or one of its wholly owned subsidiaries;
- (iii) other than pursuant to the Transaction and save as between EU Supply and its wholly owned subsidiaries or between such wholly owned subsidiaries, merged with (by statutory merger or otherwise) or demerged from or acquired any body corporate, partnership or business or acquired or disposed of, or, other than in the ordinary course of business, transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so;
- (iv) save as between EU Supply and its wholly owned subsidiaries or between such wholly owned subsidiaries, made, authorised, proposed or announced an intention to propose any change in its loan capital which is material in the context of the EU Supply Group taken as a whole;
- (v) save in the ordinary course of business and save as between EU Supply and its wholly owned subsidiaries or between such wholly owned subsidiaries incurred or increased any indebtedness or become subject to any contingent liability to an extent which is material in the context of the EU Supply Group or in the context of the Transaction;
- (vi) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary, any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) (otherwise than in the ordinary course of business) which is of a long term, unusual or onerous nature, or which involves, or could reasonably be expected to involve, an obligation of a nature or magnitude which is, in any such case, material in the context of the EU Supply Group taken as a whole or in the context of the Transaction, or which is or is reasonably likely to be restrictive on the business of any member of the Wider EU Supply Group to an extent which is or is likely to be material to the EU Supply Group taken as a whole or in the context of the Transaction;
- (vii) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary the terms of or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, commitment, arrangement or any service agreement with any director or senior executive of the Wider EU Supply Group save for salary increases, bonuses or variations of terms in the ordinary course;
- (viii) proposed, agreed to provide or modified in any material respect the terms of any share plan, incentive scheme, or other benefit relating to the employment or termination of employment of any employee of the Wider EU Supply Group which, taken as a whole, are material in the context of the EU Supply Group taken as a whole other than in accordance with the terms of the Transaction;
- (ix) made or agreed or consented to any material change to:

- (A) the terms of the trust deeds constituting the pension scheme(s) established by any member of the Wider EU Supply Group for its directors, employees or their dependents (a "**Relevant Pension Plan**");
  - (B) the contributions payable to any such Relevant Pension Plan or to any benefits which accrue or to the pensions which are payable thereunder;
  - (C) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - (D) the basis upon which the liabilities (including pensions) of such Relevant Pension Plans are funded, valued or made, in each case, to the extent which is material in the context of the EU Supply Group taken as a whole;
- (x) entered into, implemented or effected, or authorised, proposed or announced its intention to implement or effect, any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, commitment, scheme or other transaction or arrangement (other than the Scheme) otherwise than in the ordinary course of business which is material in the context of the EU Supply Group taken as a whole or in the context of the Transaction;
  - (xi) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;
  - (xii) waived, compromised or settled any claim otherwise than in the ordinary course of business which is material in the context of the EU Supply Group taken as a whole or in the context of the Transaction;
  - (xiii) save as pursuant to the EU Supply Resolutions, made any alteration to its articles of association or other constitutional documents;
  - (xiv) (other than in respect of a member which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any administrator, receiver, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
  - (xv) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
  - (xvi) entered into any contract, commitment, agreement or arrangement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions,

matters or events referred to in this Condition which is material in the context of the EU Supply Group taken as a whole;

- (xvii) terminated or varied the terms of any agreement or arrangement between any member of the Wider EU Supply Group and any other person in a manner which would or might be expected to have a material adverse effect on the financial position of the EU Supply Group taken as a whole; or
- (xviii) having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of EU Supply Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code.

(d) **No material adverse change, litigation, regulatory enquiry or similar**

Except as Disclosed, since 31 December 2018:

- (i) there having been no adverse change and no circumstance having arisen which would be expected to result in any adverse change or deterioration in the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider EU Supply Group to an extent which is material to the EU Supply Group taken as a whole or in the context of the Transaction;
- (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider EU Supply Group or to which any member of the Wider EU Supply Group is or may become a party (whether as claimant or defendant or otherwise) and no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Third Party against or in respect of any member of the Wider EU Supply Group having been threatened, announced or instituted by or against, or remaining outstanding in respect of, any member of the Wider EU Supply Group which, in any such case, might reasonably be expected to have a material adverse effect on the EU Supply Group taken as a whole or in the context of the Transaction;
- (iii) no contingent or other liability having arisen, increased or become apparent which might be likely to adversely affect the business, assets, financial or trading position, profits, prospects or operational performance of any member of the Wider EU Supply Group to an extent which is material to the EU Supply Group taken as a whole or in the context of the Transaction; and
- (iv) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider EU Supply Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and reasonably likely to have a material adverse effect on the EU Supply Group taken as a whole or in the context of the Transaction.

(e) **No discovery of certain matters regarding information and liabilities**

Except as Disclosed, since 31 December 2018, Merzell not having discovered:

- (i) that any financial, business or other information concerning the Wider EU Supply Group publicly announced or disclosed to any member of the Wider Merzell Group at any time by or on behalf of any member of the Wider EU Supply Group or their advisers is misleading, contains a material

misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which is, in any case, material in the context of the EU Supply Group taken as a whole or in the context of the Transaction;

- (ii) that any member of the Wider EU Supply Group is subject to any liability (actual or contingent) and which is material in the context of the Wider EU Supply Group in the context of the Transaction; or
- (iii) there is, or is likely to be, for that or any other reason whatsoever, any material liability (actual or contingent) of any past or present member of the Wider EU Supply Group to make good, repair, reinstate or clean up any property now or previously owned, occupied, operated or made use of or controlled by any such past or present member of the Wider EU Supply Group, under any environmental legislation, regulation, notice, circular order of any government, governmental, quasi-governmental, state or local government, supranational, statutory or other regulatory body, agency, court association or any other person or body in any jurisdiction which in any such case is material in the context of the EU Supply Group in the context of the Transaction.

(f) **Intellectual Property**

No circumstance having arisen or event having occurred in relation to any intellectual property owned or used by any member of the Wider EU Supply Group which would have a material adverse effect on the Wider EU Supply Group taken as a whole or is otherwise material in the context of the Offer, including:

- (i) any member of the Wider EU Supply Group losing its title to any intellectual property material to its business, or any intellectual property owned by the Wider EU Supply Group being revoked, cancelled or declared invalid;
- (ii) any claim being asserted in writing or threatened in writing by any person challenging the ownership of any member of the Wider EU Supply Group to, or the validity or effectiveness of, any of its intellectual property; or
- (iii) any agreement regarding the use of any intellectual property licensed to or by any member of the Wider EU Supply Group being terminated or varied.

(g) **Anti-corruption, sanctions and criminal property**

Except as Disclosed, Mercell not having discovered that:

- (i) any past or present member, director, officer or employee of the Wider EU Supply Group or any person that performs or has performed services for or on behalf of the Wider EU Supply Group is or has at any time engaged in any activity, practice or conduct (or omitted to take any action) in contravention of the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, as amended or any other applicable anti-corruption legislation;
- (ii) any member of the Wider EU Supply Group is ineligible to be awarded any contract or business under section 23 of the Public Contracts Regulations 2006 or section 26 of the Utilities Contracts Regulations 2006 (each as amended);
- (iii) any past or present member, director, officer or employee of the Wider EU Supply Group or any person that performs or has performed services for or on behalf of the Wider EU Supply Group has engaged in any activity or business with, or made any investments in, or made any funds or assets

available to, or received any funds or assets from, any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control; or

- (iv) a member of the Wider EU Supply Group has engaged in any behaviour which would cause the Mercell Group to be in breach of any law or regulation on completion of the Transaction, including the economic sanctions administered by the United States Office of Foreign Assets Control, HM Treasury & Customs or any government, entity or individual targeted by any of the economic sanctions of the United Nations, United States or the European Union or any of its member states.

### **Further terms of the Transaction**

- 3. Subject to the requirements of the Panel in accordance with the Takeover Code Mercell reserves the right to waive, in whole or in part, all or any of the above Conditions, except any of the Conditions set out in Condition 1 (which cannot be waived in whole).

Conditions 2(a) to (g) (inclusive) must each be fulfilled, determined by Mercell to be or to remain satisfied or (if capable of waiver) be waived by Mercell by no later than a time which is immediately before the commencement of the Court Hearing (or such later time and/or date as the Court may allow), failing which the Transaction will lapse.

- 4. Mercell shall not be under any obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions of the Transaction may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such Conditions may not be capable of fulfilment.
- 5. The Transaction will lapse if the Scheme does not become Effective by 11.59 p.m. on the Long Stop Date (or such later date as Mercell and EU Supply may agree and the Panel and the Court may allow).
- 6. If Mercell is required by the Panel to make an offer for EU Supply Shares under the provisions of Rule 9 of the Takeover Code, Mercell may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that Rule.
- 7. Under Rule 13.5(a) of the Takeover Code, Mercell may not invoke a Condition so as to cause the Transaction not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Mercell in the context of the Transaction. Condition 1 and/or any Takeover Offer acceptance conditions adopted on the basis specified in paragraphs 6 or 8 are not subject to this provision of the Takeover Code.
- 8. Mercell reserves the right to elect, with the consent of the Panel to implement the acquisition of the EU Supply Shares by way of a Takeover Offer as an alternative to the Scheme.

In such event, the acquisition will be implemented by Mercell and/or one or more wholly owned subsidiaries of Mercell on substantially the same terms as those which would apply to the Scheme (subject to such amendments as are appropriate for an acquisition being made by way of takeover offer under Part 28 of the Companies Act, including, if the Panel so agrees, an acceptance condition set at up to 90 per cent. of the shares to which such Takeover Offer relates (or at such other lower percentage as Mercell may, with the agreement of EU Supply and subject to the rules of the Takeover Code and with the consent of the Panel may, decide), provided that if it became or was declared

unconditional in all respects, the Takeover Offer would result in Mercell holding EU Supply Shares carrying greater than 50 per cent. of the voting rights in EU Supply).

9. The EU Supply Shares will be acquired by Mercell pursuant to the Transaction fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever and together with all rights now or hereafter attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this Announcement.

Without prejudice to any right Mercell may have, with the consent of the Panel to invoke Condition 2(c)(ii), in so far as any dividend or other distribution or return of value is authorised, declared, made, paid or payable by EU Supply in respect of the Scheme Shares on or after the date of this Announcement and prior to the Effective Date, Mercell will be entitled to reduce the Offer Price in respect of the Scheme Shares by the aggregate amount of any such dividend, other distribution or return of value except where the Scheme Shares are or will be acquired on a basis which entitles Mercell to receive the dividend, other distribution or return of value and retain it.

10. The availability of the Transaction to persons who are not resident in, and the distribution of this Announcement to persons who are not resident in, the United Kingdom may be affected by the laws of the relevant jurisdiction in which such persons are located. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction.
11. The Transaction will be subject, inter alia, to the Conditions and certain further terms which are set out in this Appendix 1 and those terms which will be set out in the Scheme Document and such further terms as may be required to comply with the provisions of the Takeover Code.
12. The Transaction will be governed by English law and be subject to the jurisdiction of the English courts and to the Conditions set out above.
13. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.



## **APPENDIX 2**

### **SOURCES AND BASES OF INFORMATION**

1. The value placed by the Transaction on the existing issued share capital of EU Supply:
  - (a) 71,716,406 EU Supply Shares in issue as at the Last Practicable Date. EU Supply does not hold any ordinary shares in treasury.
2. The value placed by the Transaction on the to be issued share capital of EU Supply:
  - (a) 85,810,432 EU Supply Shares in issue following the conversion of all EU Supply Convertible Loan Notes into EU Supply Shares.
3. The Closing Price on the Last Practicable Date is taken from the AIM appendix to the Daily Official List.
4. Average prices have been derived from Bloomberg and have been rounded to the nearest single decimal place.
5. Unless otherwise stated, the financial information relating to EU Supply is extracted from the EU Supply Annual Report and Accounts.
6. Certain figures included in this Announcement have been subject to rounding adjustments.

## APPENDIX 3

### DETAILS OF IRREVOCABLE UNDERTAKINGS AND LETTER OF INTENT

#### 1. EU Supply Directors' Irrevocable Undertakings

The following EU Supply Directors have given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the EU Supply Resolutions to be proposed at the EU Supply General Meeting (or, in the event that the Transaction is implemented by way of a Takeover Offer, to accept, or procure the acceptance of, the Takeover Offer) in relation to the following EU Supply Shares, in which they or their family members and connected persons are beneficially interested, representing, in aggregate, approximately 16.0 per cent. of the EU Supply Shares in issue at the Last Practicable Date:

| Name             | Total number of EU Supply Shares | Percentage of EU Supply Shares in issue at the Last Practicable Date (%) |
|------------------|----------------------------------|--|
| David Cutler     | 552,477 <sup>1</sup>             | 0.8  |
| Thomas Beergrehn | 9,229,237 <sup>2</sup>           | 12.9   |
| Fredrik Wallmark | 53,333 <sup>3</sup>              | 0.1  |
| Steffen Karlsson | 1,637,267                        | 2.3  |

Each of these irrevocable undertakings will cease to be binding if:

- (a) the Scheme Document or Offer Document (as the case may be) is not published within 28 days of the date of this Announcement (or within such longer period as Mercell and EU Supply may agree, with the consent of the Panel);
- (b) Mercell announces, with the consent of the Panel, that it does not intend to proceed with the Transaction and no new, revised or replacement acquisition is announced in accordance with Rule 2.7 of the Takeover Code at the same time; or
- (c) the Scheme or the Takeover Offer lapses or is withdrawn and no new, revised or replacement acquisition is announced in accordance with Rule 2.7 of the Takeover Code at the same time.

In addition, the irrevocable undertakings from Thomas Beergrehn and Steffen Karlsson cover, and provide equivalent undertakings for, any EU Supply Shares issued following the conversion of their holdings of EU Supply Convertible Loan Notes.

#### 2. EU Supply Shareholders' Irrevocable Undertakings

The following EU Supply Shareholders have given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the EU Supply Resolutions to be proposed at the EU Supply General Meeting (or, in the event that the Transaction is implemented by way of a Takeover Offer, to accept, or procure the acceptance of, the Takeover Offer) in

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<sup>1</sup> 552,477 EU Supply Shares held by W B Nominees Limited.

<sup>2</sup> 9,087,570 EU Supply Shares held by Internet Startups Holding BV, an investment company controlled by Thomas Beergrehn and 141,667 EU Supply Shares held by Thomas Beergrehn in his own name.

<sup>3</sup> 20,000 EU Supply Shares held by Securities Services Nominees Limited and 33,333 EU Supply Shares held by Fredrik Wallmark in his own name.

relation to the following EU Supply Shares, in which they are beneficially interested, representing, in aggregate, approximately 27.4 per cent. of the EU Supply Shares in issue at the Last Practicable Date:

| <b>Name</b>                             | <b>Total number of EU Supply Shares</b> | <b>Percentage of EU Supply Shares in issue at the Last Practicable Date (%)</b> |
|---|---|---|
| Herald Investment Trust plc             | 4,700,000                               | 6.6   |
| Canaccord Genuity Fund Management Ltd   | 8,500,000                               | 11.9  |
| River & Mercantile Asset Management LLP | 6,420,377                               | 9.0   |

Each of these irrevocable undertakings will cease to be binding if:

- (a) the Scheme Document or Offer Document (as the case may be) is not published within 28 days of the date of this Announcement (or within such longer period as Mercell and EU Supply may agree, with the consent of the Panel);
- (b) Mercell announces, with the consent of the Panel, that it does not intend to proceed with the Transaction and no new, revised or replacement acquisition is announced in accordance with Rule 2.7 of the Takeover Code at the same time;
- (c) the Scheme or the Takeover Offer lapses or is withdrawn and no new, revised or replacement acquisition is announced in accordance with Rule 2.7 of the Takeover Code at the same time; or
- (d) in accordance with the Takeover Code, a third party announces a firm intention to make, or makes, a general offer (howsoever structured) to acquire the whole of the issued and to be issued share capital of EU Supply on terms which represent an improvement of not less than 10 per cent. of the value of the consideration offered pursuant to the Transaction as at the date on which such offer is announced and Mercell does not increase the consideration offered under the Transaction to an amount which is equal to or higher than the consideration offered by the third party within five business days of the date of the earlier of the third party's announcement or offer.

The irrevocable undertaking from River & Mercantile Asset Management will cease to be binding if the Scheme does not become Effective or the Takeover Offer lapses or is withdrawn by 5.00 p.m. on 10 September 2019.

In addition, the irrevocable undertaking from Herald Investment Trust plc covers, and provides equivalent undertakings for, any EU Supply Shares issued following the conversion of their holding of EU Supply Convertible Loan Notes.

### 3. **EU Supply Shareholder's Letter of Intent**

The following EU Supply Shareholder has delivered to Mercell a non-binding and revocable letter of intent, to vote in favour of the Scheme at the Court Meeting and the EU Supply Resolutions to be proposed at the EU Supply General Meeting (or, in the event that the Transaction is implemented by way of a Takeover Offer, to accept, or procure the acceptance of, the Takeover Offer) in relation to the following EU Supply Shares, in which they are beneficially interested, representing approximately 4.2 per cent. of the EU Supply Shares in issue at the Last Practicable Date :

| <b>Name</b>       | <b>Total number of EU Supply Shares</b> | <b>Percentage of EU Supply Shares in issue at the Last Practicable Date (%)</b> |
|-------------------|---|---|
| Amati AIM VCT plc | 3,011,000                               | 4.2   |

## APPENDIX 4

### DEFINITIONS

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

**"AIM"** means the alternative investment market operated by the London Stock Exchange

**"AIM Rules"** means the rules published by the London Stock Exchange which set out the rules and responsibilities in relation to a company with a class of securities admitted to AIM, as amended from time to time

**"Announcement"** means this announcement made in accordance with Rule 2.7 of the Takeover Code, including its summary and appendices

**"associated undertaking"** shall be construed in accordance with paragraph 19 of Schedule 6 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) but for this purpose ignoring paragraph 19(1)(b) of Schedule 6 to those regulations)

**"Authorisations"** means any and all authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions, exemptions or approvals

**"Board"** means in relation to Mercell or EU Supply, the board of directors of the relevant company as at the date of this Announcement

**"Business Day"** means a day, not being a public holiday, Saturday or Sunday, on which clearing banks in London are open for normal business

**"certificated"** or **"certificated form"** means in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security as being held in certificated form (that is, not in CREST)

**"Clean Team Agreement"** means the clean team agreement entered into between Mercell and EU Supply dated 9 April 2019

**"Closing Price"** means the closing middle market quotation of a EU Supply Share on the day which such price relates, as derived from the AIM appendix to the Daily Official List

**"Companies Act"** means the Companies Act 2006, as amended from time to time

**"Completion"** means the day on which the Transaction becomes Effective

**"Conditions"** means the conditions of the Transaction as set out in Appendix 1 to this Announcement and to be set out in the Scheme Document

**"Confidentiality Agreement"** means the confidentiality agreement entered into between Mercell and EU Supply on 12 February 2019

**"Court"** means the High Court of Justice in England and Wales

**"Court Hearing"** means the hearing of the Court to sanction the Scheme

**"Court Meeting"** means the meeting(s) of Scheme Shareholders to be convened at the direction of the Court pursuant to Part 26 of the Companies Act, for the purpose of

considering and, if thought fit, approving the Scheme (with or without amendment), including any adjournment, postponement or reconvention thereof

**"Court Order"** means the order of the Court sanctioning the Scheme under Part 26 of the Companies Act

**"CREST"** means the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations) in accordance with which securities may be held or transferred in uncertificated form

**"Daily Official List"** means the publication of official quotations for all securities traded on the London Stock Exchange

**"Disclosed"** means information which has been fairly disclosed (a) by, or on behalf of, EU Supply to Mercell in a data room established for the purpose of the Transaction; (b) in the EU Supply Annual Report and Accounts (c) in this Announcement or (d) in any other public announcement made by EU Supply after 31 December 2018 and prior to the date of this Announcement in accordance with MAR, the AIM Rules or the Disclosure Guidance and Transparency Rules

**"Effective"** means in the context of the Transaction: (a) if the Transaction is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (b) if the Transaction is implemented by way of a Takeover Offer, the Takeover Offer having been declared or having become unconditional in all respects in accordance with the requirements of the Takeover Code

**"Effective Date"** means the date on which the Transaction becomes Effective (being, if the Transaction is implemented by way of the Scheme, the date on which a copy of the Court Order is delivered to the Registrar of Companies)

**"Enlarged Group"** means the Mercell Group as enlarged by the EU Supply Group following Completion

**"EU Supply"** means EU Supply a company incorporated in England and Wales with company number 08513444

**"EU Supply Annual Report and Accounts"** means the annual report and consolidated financial statements of EU Supply for the year ended 31 December 2018

**"EU Supply Convertible Loan Noteholders"** means the holders of EU Supply Convertible Loan Notes from time to time

**"EU Supply Convertible Loan Notes"** means the loan notes of £1.00 each issued by EU Supply in accordance with the instrument dated 27 August 2015 constituting up to £2,000,000 fixed rate secured convertible loan notes 2020

**"EU Supply Directors"** means the Board of EU Supply at the date of this Announcement

**"EU Supply General Meeting"** means the general meeting of EU Supply Shareholders to be convened in connection with the Transaction, including any adjournment, postponement or reconvention thereof

**"EU Supply Group"** means EU Supply and its subsidiary undertakings and, where the context permits, each of them

**"EU Supply Meetings"** means the Court Meeting and the EU Supply General Meeting

**"EU Supply Resolutions"** means the resolutions to be proposed by EU Supply at the EU Supply General Meeting to, amongst other things, authorise the EU Supply Directors to

take all actions they consider necessary or appropriate to implement the Scheme, amend EU Supply's articles of association, delist EU Supply Shares and re-register EU Supply as a private company conditional on the Scheme becoming Effective

**"EU Supply Shareholders"** means holders of EU Supply Shares from time to time

**"EU Supply Shares"** means the ordinary shares of 0.1 pence each in the share capital of EU Supply

**"Euroclear"** means Euroclear UK & Ireland Limited

**"Excluded Shares"** means any EU Supply Shares which are re-registered in the name of or are beneficially owned by Mercell or its nominee or any subsidiary undertaking of Mercell or its nominee

**"Forms of Proxy"** means the forms of proxy in connection with each of the Court Meeting and the EU Supply General Meeting, which shall accompany the Scheme Document

**"FSMA"** means the Financial Services and Markets Act 2000 (as amended from time to time)

**"Last Practicable Date"** means 9 May 2019 (being the last Business Day prior to the date of this Announcement)

**"Liberum"** means Liberum Capital Limited

**"London Stock Exchange"** means the London Stock Exchange plc or its successor

**"Long Stop Date"** means 30 November 2019 or such later date (if any) as Mercell and EU Supply may agree in writing and the Panel and the Court may allow (if such consent and/or approval is required)

**"MAR"** means the Market Abuse Regulation (Regulation (EU) 596/2014)

**"Mercell"** means Mercell Holding AS a company incorporated in Norway with business ID 980 921 565

**"Mercell Group"** means Mercell and its subsidiary undertakings and, where the context permits, each of them

**"Offer Document"** means, in the event that the Transaction is implemented by way of a Takeover Offer, the formal document sent to be sent to EU Supply Shareholders containing the Takeover Offer

**"Offer Period"** means the offer period (as defined by the Takeover Code) relating to EU Supply, which commenced on 10 May 2019

**"Offer Price"** means the consideration payable for each EU Supply Share under the Transaction being 18.25 pence in cash

**"Overseas Shareholders"** means EU Supply Shareholders not resident in, or nationals or citizens of the United Kingdom

**"Panel"** means the Panel on Takeovers and Mergers

**"Registrar of Companies"** means the Registrar of Companies in England and Wales

**"Regulations"** means the Uncertificated Securities Regulations 2001

**"Regulatory Information Service"** means a regulatory information service as defined in the Financial Conduct Authority's Handbook or rules and guidance as amended from time to time

**"Relevant Pension Plan"** has the meaning given to this term in Appendix 1 to this Announcement

**"relevant securities"** shall be construed in accordance with the Takeover Code

**"Restricted Jurisdiction"** means any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Transaction is sent or made available to EU Supply Shareholders in that jurisdiction

**"Scheme"** means the proposed scheme of arrangement under Part 26 of the Companies Act between EU Supply and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by EU Supply and Mercell

**"Scheme Document"** means the document to be sent to EU Supply Shareholders, persons with information rights and, for information only to holders of EU Supply Convertible Loan Notes containing, amongst other things, the full terms and conditions of the Scheme and notices convening the EU Supply Meetings

**"Scheme Record Time"** means the time and date specified in the Scheme Document as the record time for the Scheme or such later time and/or date as Mercell and EU Supply may agree

**"Scheme Shareholders"** means holders of Scheme Shares

**"Scheme Shares"** means all EU Supply Shares: (a) in issue at the date of the Scheme Document; (b) (if any) issued after the date of the Scheme Document but on or before the Voting Record Time; and (c) (if any) issued after the Voting Record Time and on or before the Scheme Record Time on terms that the holder or any subsequent holder thereof shall be bound by the Scheme or in respect of which the original or any subsequent holders shall have agreed in writing to be, bound by the Scheme, but excluding (i) in the case of references in this Announcement to "Scheme Shares" or "Scheme Shareholders" in relation to voting at the Court Meeting any Excluded Shares in issue at the Voting Record Time and any Scheme Shares referred to in (c) above and (ii) in the case of other references in this Announcement to "Scheme Shares" or "Scheme Shareholders" any Excluded Shares in issue at the Scheme Record Time

**"Stockdale Securities"** means Stockdale Securities Limited

**"subsidiary", "subsidiary undertaking" and "undertaking"** shall be construed in accordance with the Companies Act

**"Takeover Code"** means the City Code on Takeovers and Mergers issued by the Panel, as amended from time to time

**"Takeover Offer"** means, if the Transaction is implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the recommended offer to be made by or on behalf of Mercell to acquire the entire issued and to be issued share capital of EU Supply and, where the context admits, any subsequent revision, variation, extension or renewal thereof

**"Third Party"** means each of a central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution,



environmental body, employee representative body or any other body or person whatsoever in any relevant jurisdiction, including, for the avoidance of doubt, the Panel

**"Transaction"** means the proposed recommended all-cash acquisition by Mercell of the entire issued and to be issued share capital of EU Supply not already owned by or on behalf of the Mercell Group to be effected by way of the Scheme (or, under certain circumstances, by way of the Takeover Offer) on the terms and subject to the Conditions set out in this Announcement and to be set out in the Scheme Document and Forms of Proxy and, in each case, where the context admits, any subsequent revision, variation, extension or renewal thereof

**"UK"** or **"United Kingdom"** means United Kingdom of Great Britain and Northern Ireland

**"uncertificated"** or **"in uncertificated form"** means a share or other security title to which is recorded in the relevant register of the share or security as being held in uncertificated form, in CREST, and title to which, by virtue of the Regulations may be transferred by means of CREST

**"Voting Record Time"** means the date and time specified in the Scheme Document by reference to which entitlement to vote at the Court Meeting will be determined

**"Wider EU Supply Group"** means EU Supply and its associated undertakings and any other body corporate, partnership, joint venture or person in which the EU Supply and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent

**"Wider Mercell Group"** means Mercell and its associated undertakings and any other body corporate, partnership, joint venture or person in which Mercell and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent

All times referred to are London time unless otherwise stated.

## APPENDIX 2

### INTERPRETATION

In this undertaking, a reference to:

- (a) **"Act"** means the Companies Act 2006 as amended from time to time;
- (b) the **"Code"** means the City Code on Takeovers and Mergers;
- (c) **"Encumbrance"** means a lien, charge, pledge, option, equity, encumbrance, right of pre-emption or any other third party right howsoever arising;
- (d) **"EU Supply Shares"** means the ordinary shares of 0.1 pence each in the share capital of EU Supply;
- (e) the **"Offer"** means the Transaction implemented by contractual takeover offer as defined in Chapter 3 of Part 28 of the Act;
- (f) the **"Panel"** means the Panel on Takeovers and Mergers;
- (g) **"Rule 2.7 Announcement"** means the firm intention announcement to be published pursuant to Rule 2.7 of the Code in substantially the form attached in Appendix 1 to this undertaking;
- (h) **"Transaction"** means the proposed recommended all-cash acquisition on the terms set out in the Rule 2.7 Announcement by or on behalf of Merzell for the entire issued and to be issued ordinary share capital of EU Supply, howsoever structured and includes any renewal, revision, variation or extension of the terms of any such Transaction which are, in the reasonable opinion of Stock Securities Limited (in its capacity as financial adviser to EU Supply), no less favourable in any material respect to EU Supply shareholders than the terms set out in the Rule 2.7 Announcement;
- (i) the **"Scheme"** means the Transaction implemented by scheme of arrangement pursuant to Part 26 of the Act; and
- (j) **"Shares"** means the shares, the details of which are set out in Appendix 3 to this undertaking, any EU Supply Shares attributable to or derived from such shares and any interests in EU Supply Shares (as defined in the Code) issued or unconditionally allotted to, or acquired by or on behalf of, myself or my nominee(s) after the date of this undertaking.

References to times are to London time.

**APPENDIX 3**

**EXISTING EU SUPPLY SHARES**

The following represent our current holdings of EU Supply Shares:

| <b>No. of EU Supply Shares</b> | <b>Number of EU Supply shares under option</b> | <b>Registered owner</b>   | <b>Beneficial owner</b>   |
|--------------------------------|--|---|---|
| 6,420,377                      | None   | <ul style="list-style-type: none"> <li>• River and Mercantile UK Equity High Alpha Fund</li> <li>• River and Mercantile UK Long Term Recovery Fund</li> <li>• Discretionary clients of River and Mercantile Asset Management LLP</li> </ul> | <ul style="list-style-type: none"> <li>• River and Mercantile UK Equity High Alpha Fund</li> <li>• River and Mercantile UK Long Term Recovery Fund</li> <li>• Discretionary clients of River and Mercantile Asset Management LLP</li> </ul> |
|                                |  |   |   |
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|                                |  |   |   |