

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART 2 OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006 AND CONTAINS A PROPOSAL WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE ADMISSION TO TRADING OF THE EU SUPPLY SHARES ON AIM.**

**The contents of this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the Transaction or the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are taking advice in a territory outside the United Kingdom.**

If you sell or have sold or otherwise transferred all of your EU Supply Shares, please send this document (but not the accompanying personalised Forms of Proxy) at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, this document should not be forwarded or transmitted in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws of that jurisdiction. If you sell, have sold or transferred part only of your holding of EU Supply Shares, you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The accompanying Forms of Proxy are personalised. If you have recently purchased or been transferred EU Supply Shares, you should contact Neville Registrars by telephoning the helpline, details of which are set out on page 8 of this document, to obtain replacements of these documents.

**The distribution of this document in whole or in part, directly or indirectly in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves of, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.**

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**RECOMMENDED CASH OFFER  
FOR  
EU SUPPLY PLC  
BY  
MERCELL HOLDING AS**

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

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**You should read carefully the whole of this document, any information incorporated by reference into this document and the accompanying Forms of Proxy. Your attention is drawn to the letter from the Chairman of EU Supply in Part 1 of this document, which contains the unanimous recommendation of the EU Supply Directors that you vote in favour of the Scheme at the Court Meeting and the Resolution at the General Meeting. A letter from Stockdale Securities explaining the Transaction and the Scheme in greater detail appears in Part 2 of this document and constitutes an explanatory statement in compliance with section 897 of the Companies Act 2006.**

The Scheme will require the approval of the Scheme Shareholders at the Court Meeting to be held at the offices of haysmacintyre, 10 Queen Street, London, EC4R 1AG at 12.00 p.m. on 2 July 2019. The Scheme will also require the approval of EU Supply Shareholders of the Resolution at the General Meeting to be held at the same place at 12.15 p.m. on 2 July 2019 (or as soon thereafter as the Court Meeting has concluded or been adjourned). Notices of the Shareholder Meetings are set out in Part 9 and Part 10 respectively of this document.

**The action to be taken by EU Supply Shareholders in respect of the Shareholder Meetings is set out on page 6 of this document. Please read this information carefully. It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy or transmit a proxy instruction (either electronically or through CREST) as soon as possible.**

**Completing and returning the Forms of Proxy, completing and transmitting a CREST Proxy Instruction or appointing a proxy electronically will not prevent you from attending and voting in person at either Shareholder Meeting, or any adjournment of either Shareholder Meeting, if you so wish and are so entitled.**

If you have any questions relating to this document (or any information incorporated by reference into this document), the Shareholder Meetings or the completion and return of the Forms of Proxy, please telephone the helpline, details of which are set out on page 8 of this document.

Certain terms used in this document are defined in Part 8 of this document.

## IMPORTANT NOTICES

Stockdale Securities, which is authorised and regulated in the UK by the Financial Conduct Authority, is acting exclusively as financial adviser for EU Supply and no one else in connection with the Transaction and will not regard any other person as its client, nor will it be responsible to any other person for providing the protections afforded to clients of Stockdale Securities or for providing advice in relation to the Transaction.

Neither Stockdale Securities nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client in connection with the Transaction, any statement contained herein or otherwise. Liberum, which is authorised and regulated in the UK by the Financial Conduct Authority, is acting exclusively for Mercell and no one else in connection with the Transaction and will not regard any other person as its client, nor will it be responsible to any other person for providing the protections afforded to clients of Liberum or for providing advice in relation to the Transaction.

Neither Liberum nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client in connection with the Transaction, any statement contained herein or otherwise.

### **Overseas Shareholders**

The availability of the Transaction to Overseas Shareholders and the distribution of this document in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves of, and observe, any such restrictions.

The Transaction relates to shares of a United Kingdom company and is proposed to be implemented by means of a scheme of arrangement under the laws of England and Wales. A transaction implemented by means of a scheme of arrangement 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 United Kingdom to schemes of arrangement, which differ from the requirements of the US proxy solicitation and tender offer rules or the laws of other jurisdictions outside the United Kingdom.

Unless otherwise determined by Mercell or required by the Takeover Code, and permitted by applicable law and regulation, the Transaction shall 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. Accordingly, any person (including without limitation, nominees, trustees and custodians) who would, or otherwise intends to, forward this document or any accompanying document to any jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any action. If any Overseas Shareholder remains in any doubt, it should consult an appropriate independent professional adviser in its relevant jurisdiction without delay. In particular, the ability of persons who are not resident in the United Kingdom to vote their EU Supply Shares at the Court Meeting or the General Meeting or to execute and deliver Forms of Proxy appointing another to vote their EU Supply Shares in respect of the Court Meeting or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located.

Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Transaction disclaim any responsibility or liability for the violation of such restrictions by any person. This document has been prepared for the purposes of complying with the laws of England and Wales and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this document and the accompanying documents had been prepared in accordance with the laws of jurisdictions outside of England and Wales.

This document is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful.

## **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, 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 this 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.

Mercell reserves the right to elect, subject to receipt of Takeover Offer Consent, to implement the Transaction by way of a Takeover Offer. 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.

## **Forward-looking statements**

This document contains statements about Mercell and EU Supply that are or may be forward-looking statements which are prospective in nature. All statements other than statements of historical facts may be forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “should”, “could”, “would”, “may”, “anticipates”, “estimates”, “synergy”, “cost-saving”, “projects”, “goal”, “strategy” or words or terms of similar substance or the negative thereof. Forward-looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Mercell’s or EU Supply’s operations and potential synergies resulting from the Transaction; and (iii) the effects of government regulation on Mercell’s or EU Supply’s respective businesses.

These forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. 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 of this document. All subsequent oral or written forward-looking statements attributable to Mercell or EU Supply or any of their respective members, directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Mercell and EU Supply disclaim any obligation to update any forward-looking or other statements contained in this document, except as required by applicable law.

## **No profit forecasts or estimates**

No statement in this document (or any information incorporated by reference into this document) is intended as a profit forecast or estimate for any period and no statement in this document should be

interpreted to mean that earnings or earnings per ordinary share for Mercell or EU Supply, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per ordinary share for Mercell or EU Supply, as appropriate.

### **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 p.m. (London time) on the 10th business day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day 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 p.m. (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 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.

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

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.

### **Publication on websites and availability of hard copies**

This document, together with any information incorporated by reference into this document, will be available free of charge (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions) on the following websites during the course of the Transaction:

- [www.eu-supply.com/Website/InvestorRelations](http://www.eu-supply.com/Website/InvestorRelations); and
- [www.mercell.com/en/105620654/-offer-for-eus.aspx](http://www.mercell.com/en/105620654/-offer-for-eus.aspx).

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

EU Supply Shareholders, persons with information rights in EU Supply and any other person to whom this document has been sent, may request a hard copy of this document (and any information incorporated by reference in this document) free of charge, by contacting Neville Registrars Limited during business hours on 0121 585 1131 (non-UK callers on +44 121 585 1131) or by submitting a request in writing to Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines will be open between 9.00 a.m. to 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Unless such a person makes such a request, a hard copy of any information incorporated by reference in this document will not be sent to that person. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the Transaction be in hard copy form.

### **Rounding**

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

### **Dates and times**

In this document, all times shown are London times unless otherwise stated. All dates and times in relation to the Scheme timetable are based on EU Supply's and Merzell's current expectations and are subject to change. If any of the dates and/or times in this document change, EU Supply will give notice of the change(s) by issuing an announcement through a Regulatory Information Service and, if required by the Takeover Panel, send notice of the change(s) to EU Supply Shareholders and, for information only, to persons with information rights in EU Supply.

This document is dated 7 June 2019.



## ACTION TO BE TAKEN

**For the reasons set out in this document, the EU Supply Directors unanimously recommend that you vote in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting, as the EU Supply Directors have irrevocably undertaken to do in respect of the beneficial holdings under their control of, in aggregate, 11,472,314 EU Supply Shares representing, in aggregate, approximately 16.0 per cent. of the issued share capital of EU Supply on the Last Practicable Date, and the EU Supply Directors unanimously recommend that you take the action described below.**

### 1. Voting at the Shareholder Meetings

The Scheme will require the approval of the Scheme Shareholders at the Court Meeting to be held at the offices of haysmacintyre, 10 Queen Street, London, EC4R 1AG at 12.00 p.m. on 2 July 2019. The Scheme will also require the approval of EU Supply Shareholders of the Resolution at the General Meeting to be held at the same place at 12.15 p.m. on 2 July 2019 (or as soon thereafter as the Court Meeting has concluded or been adjourned). Notices of the Shareholder Meetings are set out in Part 9 and Part 10 respectively of this document.

### 2. Please check you have received with this document:

- (i) a WHITE Form of Proxy for use at the Court Meeting;
- (ii) a YELLOW Form of Proxy for use at the General Meeting; and
- (iii) a reply-paid envelope for use in the United Kingdom.

If you have not received these documents, please contact Neville Registrars on the helpline, details of which are set out on page 8 of this document.

- 3. Whether or not you plan to attend the Shareholder Meetings, please complete the enclosed Forms of Proxy in accordance with the instructions printed on them and return them to: Neville Registrars, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD as soon as possible and, in any event, so as to be received by no later than:
  - (i) 12.00 p.m. on 28 June 2019 in the case of the WHITE Form of Proxy for the Court Meeting; and
  - (ii) 12.15 p.m. on 28 June 2019 in the case of the YELLOW Form of Proxy for the General Meeting,

**(or in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). A reply-paid envelope is provided for use in the United Kingdom only.**

If the WHITE Form of Proxy for use at the Court Meeting is not received by Neville Registrars by 12.00 p.m. on 28 June 2019, it may be handed to a representative of Neville Registrars or the Chairman of the Court Meeting at the Court Meeting before the taking of the poll. However, if the YELLOW Form of Proxy for the General Meeting is not received by Neville Registrars by 12.15 p.m. on 28 June 2019, it will be invalid.

- 4. If you hold your EU Supply Shares in CREST, you may vote using the CREST voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes on the notices of each Shareholder Meeting set out in Parts 9 and 10 of this document).

Proxies submitted electronically through CREST must be sent as soon as possible, and in any event, so as to be received by no later than 12.00 p.m. on 28 June 2019 in the case of the Court Meeting and by 12.15 p.m. on 28 June 2019 in the case of the General Meeting (or in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting).

- 5. EU Supply Shareholders entitled to attend and vote at the Shareholder Meetings may appoint a proxy electronically by logging on to [www.sharegateway.co.uk](http://www.sharegateway.co.uk) and completing the authentication requirement set out in the Forms of Proxy.

6. If you propose to attend the Shareholder Meetings, please detach from the Forms of Proxy and bring with you the attendance slip to assist your admission.
7. Completing and returning the Forms of Proxy, completing and transmitting a CREST Proxy Instruction or appointing a proxy electronically will not prevent you from attending and voting in person at the Shareholder Meetings, or any adjournment of the Shareholder Meetings, if you so wish and are so entitled.

## **IMPORTANT NOTICE**

**IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION. YOU ARE, THEREFORE, STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY OR TRANSMIT A PROXY INSTRUCTION (EITHER ELECTRONICALLY OR THROUGH CREST) AS SOON AS POSSIBLE AND, IN ANY EVENT, BY NO LATER THAN 12.00 P.M. ON 28 JUNE 2019, IN THE CASE OF THE COURT MEETING, AND BY NO LATER THAN 12.15 P.M. ON 28 JUNE 2019, IN THE CASE OF THE GENERAL MEETING.**

## **HELPLINE**

If you have any questions relating to this document (or any information incorporated by reference into this document), the Shareholder Meetings or the completion and return of the Forms of Proxy, please telephone Neville Registrars on +44 (0) 121 585 1131. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. to 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Transaction nor give any financial, legal or tax advice.



## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following indicative timetable sets out the expected dates for implementation of the Scheme.

<i>Event</i>	<i>Time and/or date<sup>1</sup></i>
Latest time for lodging WHITE Forms of Proxy and registering proxy appointments electronically or through CREST for the Court Meeting	12.00 p.m. on 28 June 2019 <sup>2</sup>
Latest time for lodging YELLOW Forms of Proxy and registering proxy appointments electronically or through CREST for the General Meeting	12.15 p.m. on 28 June 2019 <sup>3</sup>
Voting Record Time	6.00 p.m. on 28 June 2019 <sup>4</sup>
<b>Court Meeting</b>	12.00 p.m. on 2 July 2019
<b>General Meeting</b>	12.15 p.m. on 2 July 2019 <sup>5</sup>
<i>Certain of the following dates are subject to change (please see note (1) below):</i>	
Court Hearing (to sanction the Scheme)	9 July 2019
Last day of dealings in, and for registration of transfers of, and disablement in CREST of, EU Supply Shares	9 July 2019
Scheme Record Time	6.00 p.m. on 9 July 2019
Suspension of trading on AIM and of dealings in EU Supply Shares	7.30 a.m. on 10 July 2019
<b>Expected Effective Date</b>	10 July 2019
Cancellation of admission to trading on AIM of EU Supply Shares	7.00 a.m. on 11 July 2019
Settlement of the consideration payable under the Transaction	Within 14 days after the Effective Date
<b>Long Stop Date</b>	30 November 2019 <sup>6</sup>

*Notes:*

- 1 These times and dates are indicative only and will depend, among other things, on the date on which: (i) the Conditions are either satisfied, or (if capable of waiver) waived; (ii) the Court sanctions the Scheme; and (iii) the Court Order sanctioning the Scheme is delivered to the Registrar of Companies. EU Supply will give notice of any change(s) to the above timetable by issuing an announcement through a Regulatory Information Service and by publishing such changes on its website at [www.eu-supply.com/Website/InvestorRelations](http://www.eu-supply.com/Website/InvestorRelations) and, if required by the Panel, sending notice of the change(s) to EU Supply Shareholders and, for information only, to persons with information rights in EU Supply.
- 2 The WHITE Form of Proxy for the Court Meeting should be received by Neville Registrars before 12.00 p.m. on 28 June 2019, or, if the Court Meeting is adjourned, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting. WHITE Forms of Proxy not so received may be handed to a representative of Neville Registrars or the Chairman of the Court Meeting at the Court Meeting before the taking of the poll.
- 3 The YELLOW Form of Proxy for the General Meeting must be lodged with Neville Registrars before 12.15 p.m. on 28 June 2019 in order for it to be valid, or, if the General Meeting is adjourned, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting. The YELLOW Form of Proxy cannot be handed to a representative of Neville Registrars or the Chairman of the General Meeting at that meeting.
- 4 If a Shareholder Meeting is adjourned, only those Scheme Shareholders (in the case of the Court Meeting) and EU Supply Shareholders (in the case of the General Meeting) on the register of members of EU Supply at 6.00 p.m. on a day which is not more than 48 hours (excluding any part of a day that is not a working day) before the time set for the adjourned meeting will be entitled to attend and vote.
- 5 To commence at the time fixed or as soon thereafter as the Court Meeting has concluded or been adjourned.
- 6 This is the last date on which the Scheme may become Effective unless Mercell and EU Supply, with the consent of the Panel and, if required, the approval of the Court, agree in writing a later date.

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## PART 1

### LETTER FROM THE CHAIRMAN OF EU SUPPLY

*(Incorporated in England and Wales with registered number 08513444)*

*Directors:*

David Cutler *(Non-Executive Chairman)*  
Thomas Beergrehn *(Chief Executive Officer)*  
Fredrik Wallmark *(Chief Financial Officer)*  
Steffen Karlsson *(Non-Executive Director)*

*Registered Office:*

10 Queen Street  
London  
EC4R 1AG

7 June 2019

*To all holders of EU Supply Shares and EU Supply Convertible Loan Noteholders and, for information only, to persons with information rights in EU Supply*

Dear EU Supply Shareholder,

### **Recommended cash offer for EU Supply by Merzell**

#### **1. Introduction**

On 10 May 2019, the Boards of EU Supply and Merzell announced that they had reached agreement on the terms of a recommended cash offer pursuant to which Merzell would acquire the entire issued and to be issued share capital of EU Supply. It is intended that the Transaction will be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.

I am writing to you today to set out the terms, and provide further details, of the Transaction and the background to and reasons why the EU Supply Directors consider the terms of the Transaction to be fair and reasonable and unanimously recommend that you vote in favour of the Scheme at the Court Meeting and the Resolution at the General Meeting, both of which will be held on 2 July 2019 at the offices of haysmacintyre, 10 Queen Street, London, EC4R 1AG. The Court Meeting will start at 12.00 p.m. and the General Meeting will start at 12.15 p.m. (or as soon thereafter as the Court Meeting has concluded or been adjourned).

#### **2. Summary of the terms of the Transaction**

Under the terms of the Transaction, which is subject to the Conditions and further terms set out in Part 3 of this document, EU Supply Shareholders shall receive:

#### **for each Scheme Share 18.25 pence in cash.**

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 Business Day prior to the Announcement 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;
- (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; 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.

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 EU Supply Convertible Loan Noteholders 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 EU Supply Shares will be acquired by Merzell with full title guarantee, fully paid and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing at the Announcement Date or thereafter attaching or accruing 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 or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the Announcement Date in respect of the EU Supply Shares.

If any Subsequent Dividend occurs, Merzell will have the right to reduce the value of the consideration payable for each EU Supply Share by up to the amount per EU Supply Share of such Subsequent Dividend. If any Subsequent Dividend occurs and Merzell exercises its rights described above, any reference in this document to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced. Any exercise by Merzell of its rights referred to in this paragraph shall be the subject of an announcement and shall not be regarded as constituting any revision or variation of the terms of the Scheme.

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

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. Merzell's strategy is to enhance its offering in Northern Europe, and to establish itself and grow in other areas of the European market.

Merzell 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 Merzell'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 Merzell 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 Merzell 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; and
- additional skills and expertise through the combination of both EU Supply's and Merzell's employees and select management. Both EU Supply and Merzell have employees and management with experience and expertise in e-tendering software, which will benefit the Enlarged Group in the future.

### **4. 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 a 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.

In considering whether to recommend the Transaction to EU Supply Shareholders, the EU Supply Directors have also given due consideration to Merzell's intentions for the business, employment and location of business for EU Supply, as described in paragraph 5 below. The EU Supply Directors welcome Merzell's confirmation that, following completion of the Transaction, it intends to safeguard the existing employment rights of management and employees in accordance with applicable law and does not envisage any material change in the conditions of employment of the management and employees of EU Supply with effect from and/or in the twelve months following the Effective Date.

## **5. Merzell's strategic plans and intentions with regards to management, employees, places of business and other matters**

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.

### ***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 5.

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, nor make any material change to the conditions of employment of the EU Supply Group's employees and management, in the twelve months following Completion.

At an 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 13 of Part 2 of this document, a request will be made to the London Stock Exchange to cancel admission of the EU Supply Shares to trading on AIM. The intention is to subsequently re-register EU Supply as a private limited company.



No statements in this paragraph 5 are “post-offer undertakings” for the purposes of Rule 19.5 of the Takeover Code.

## **6. Irrevocable undertakings and letter of intent 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 Resolution at the 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 Resolution at the 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), with respect to a total of 19,620,377 EU Supply Shares, representing approximately 27.4 per cent, of the share capital of EU Supply 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 Resolution at the 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).

Mercell has therefore received irrevocable undertakings and a letter of intent with respect to a total of 34,103,691 EU Supply Shares, representing approximately 47.6 per cent. of the EU Supply Shares in issue on the Last Practicable Date.

Further details of these irrevocable undertakings and the letter of intent are set out in paragraph 9 of Part 5 of this document.

## **7. The Scheme and the Shareholder Meetings**

The Transaction is being implemented by means of the Scheme, although Mercell reserves the right to elect to implement the Transaction by means of a Takeover Offer (subject to receipt of Takeover Offer Consent).

The purpose of the Scheme is to enable Mercell to become the owner of the entire issued and to be issued ordinary share capital of EU Supply. Following the Scheme becoming Effective, the Scheme Shares will be transferred to Mercell or its nominee(s), in consideration for which Scheme Shareholders whose names appear on the register of members of EU Supply at the Scheme Record Time will receive 18.25 pence per Scheme Share in cash on the basis set out in paragraph 2 of this Part 1. Mercell reserves the right to reduce the consideration payable under the Transaction by the amount of any Subsequent Dividend.

EU Supply Shares issued after the Scheme Record Time will not be subject to the Scheme. Accordingly, it is proposed that the EU Supply Articles be amended so that EU Supply Shares issued after the Scheme Record Time other than to Mercell or its nominee(s) will be automatically acquired by Mercell on the same terms as under the Scheme.

To become Effective, the Scheme requires, among other things, the approval of a majority in number of the Scheme Shareholders present and voting (and entitled to vote), either in person or by proxy, at the Court Meeting (or any adjournment thereof), representing not less than 75 per cent. in value of the Scheme Shares voted by such Scheme Shareholders and the passing of the Resolution at the General Meeting.

Following the Shareholder Meetings and the satisfaction (or, where applicable, waiver) of the other Conditions, the Scheme must also be sanctioned by the Court. The Scheme will become Effective only upon a copy of the Court Order being delivered to the Registrar of Companies.

Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting (and, if they attended and voted, whether or not they voted in favour).

Mercell reserves the right to elect, subject to receipt of Takeover Offer Consent, to implement the Transaction by way of a Takeover Offer for the entire issued and to be issued share capital of EU Supply as an alternative to the Scheme. In such an event, the Takeover Offer will be implemented 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).

The Scheme will be governed by the laws of England and Wales. The Scheme will be subject to the applicable requirements of the Takeover Code, the Takeover Panel, the London Stock Exchange and the AIM Rules.

**It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy or transmit a proxy instruction (either electronically or through CREST) as soon as possible.**

**Further details of the Scheme and the Shareholder Meetings are set out in paragraphs 10.1 and 10.2 of Part 2 of this document.**

## **8. Overseas Shareholders**

Persons resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom should refer to paragraph 15 of Part 2 of this document.

## **9. Effect of the Transaction on EU Supply Convertible Loan Notes**

The effect of the Transaction on EU Supply Convertible Loan Notes is described in paragraph 8 of Part 2 of this document.

## **10. Action to be taken by EU Supply Shareholders**

Details of the Shareholder Meetings to be held and the action to be taken in respect of the Scheme are set out on page 6 and in paragraphs 10 and 11 of Part 2 of this document.

## **11. 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 its 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 unanimously recommend that EU Supply Shareholders vote, or procure votes, in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting (or, in the event that the Transaction is implemented by way of a Takeover Offer, to accept or procure acceptance of such Takeover Offer) as they have irrevocably undertaken to do, or procure to be done, in respect of their own beneficial holdings of 11,472,314 EU Supply Shares, (representing, in aggregate, approximately 16.0 per cent. of the issued share capital of EU Supply on the Last Practicable Date).

## **12. United Kingdom Taxation**

The attention of EU Supply Shareholders is drawn to Part 7 of this document which summarises certain aspects of the UK taxation treatment of certain EU Supply Shareholders in connection with the Transaction. That summary does not constitute tax advice and does not purport to be a complete analysis of all potential UK tax consequences of the Scheme.

**If you are in any doubt about your own tax position or you are subject to taxation in any jurisdiction other than the UK, you should consult an independent professional adviser immediately.**

### **13. Further information**

Please read carefully the remainder of this document (and the information incorporated by reference into this document), in particular the letter from Stockdale Securities set out in Part 2 of this document, being the explanatory statement made in compliance with section 897 of the Companies Act. The information in this letter is not a substitute for reading the remainder of this document.

Yours faithfully

David Cutler  
*Non-Executive Chairman*  
EU Supply plc

## PART 2

### EXPLANATORY STATEMENT

(in compliance with section 897 of the Companies Act)

Stockdale Securities Limited  
100 Wood Street  
London  
EC2V 7AN

7 June 2019

*To all holders of EU Supply Shares and EU Supply Convertible Loan Noteholders, and for information only, to persons with information rights in EU Supply*

Dear EU Supply Shareholder,

#### **Recommended cash offer for EU Supply by Mercell**

##### **1. Introduction**

On 10 May 2019, the Boards of EU Supply and Mercell announced that they had reached agreement on the terms of a recommended cash offer pursuant to which Mercell would acquire the entire issued and to be issued share capital of EU Supply. It is intended that the Transaction will be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.

**Your attention is drawn to the letter from the Chairman of EU Supply set out in Part 1 of this document, which forms part of this explanatory statement. The Chairman's letter contains, among other things, (a) information on the background to and reasons for the Transaction and (b) the unanimous recommendation of the EU Supply Directors that EU Supply Shareholders vote in favour of the Scheme at the Court Meeting and the Resolution at the General Meeting.**

The Chairman's letter also states that the EU Supply Directors, who have been so advised by Stockdale Securities on 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.

We have been authorised by the EU Supply Directors to write to you to explain the terms of the Transaction and the Scheme and to provide you with other relevant information.

##### **2. Summary of the terms of the Transaction**

The Transaction, which is subject to the Conditions and further terms set out in Part 3 of this document, will be implemented by means of the Scheme.

Under the terms of the Transaction, EU Supply Shareholders shall receive:

**for each EU Supply Share                      18.25 pence in cash.**

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 Business Day prior to the Announcement 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;
- (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; 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.

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 EU Supply Convertible Loan Noteholders 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 EU Supply Shares which will be acquired under the Transaction will be acquired with full title guarantee, fully paid and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights as at the Announcement Date or thereafter attaching or accruing to them, 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 or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise), made on or after the Announcement Date other than any Subsequent Dividend.

If any Subsequent Dividend occurs, Merzell will have the right to reduce the value of the consideration payable for each EU Supply Share by up to the amount per EU Supply Share of such Subsequent Dividend. If any Subsequent Dividend occurs and Merzell exercises its rights described above, any reference in this document to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced. Any exercise by Merzell of its rights referred to in this paragraph shall be the subject of an announcement and shall not be regarded as constituting any revision or variation of the terms of the Scheme.

### **3. 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.

Merzell's software is used by public buyers in the Nordics and Baltics. 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 Merzell's software to discover online, public and global tenders and contracts. As part of its solution, Merzell offers suppliers notifications of online tender offers, public sales, leads, upcoming tenders and expiring frameworks.

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

### **4. Financial effects of the Transaction on Merzell and Merzell's trading prospects**

Completion of the Transaction would result in the earnings, assets and liabilities of EU Supply being consolidated into the earnings, assets and liabilities of Merzell. This is expected by Merzell to result in an increase in the future earnings and assets of Merzell.

### **5. Financing of the Transaction and Cash Confirmation**

The consideration in respect of the Transaction will be financed from Merzell's existing cash resources and facilities.

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

## **6. 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, market-leading, 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 the EU Supply Group is ideally placed to secure new contracts with EU Member States and their contracting authorities. The platform is available in 16 different languages.

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).

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

## **7. EU Supply financial and trading prospects**

A profitable platform for growth was achieved in 2018. The highest ever rate of increase in annual recurring revenue run rate has been secured already in 2019 with annualised values of contracts in excess of £1.0 million being signed this year, and this without any higher staffing levels. The EU Supply Directors anticipate continued growth in annual recurring revenue during the coming months which gives them confidence in further profitable growth beyond 2019. The EU Supply Directors are also confident of securing further revenue from both existing contracts and new markets.

## **8. Effect of the Transaction on EU Supply Convertible Loan Notes**

On 22 May 2019, the Company wrote to the EU Supply Convertible Loan Noteholders with notice that their EU Supply Convertible Loan Notes would be redeemed on 30 June 2019 (being the next interest payment date under the terms of the EU Supply Convertible Loan Notes).

In the same communication, Merzell and the Company wrote to the EU Supply Convertible Loan Noteholders in accordance with Rule 15 of the Takeover Code confirming that, if the EU Supply Convertible Loan Noteholders elect to convert their EU Supply Convertible Loan Notes into EU Supply Shares by 5.00 p.m. on 28 June 2019 then, provided the Transaction becomes Effective, Merzell would acquire the EU Supply Shares issued as a result of the conversion at the same price per share being offered to Scheme Shareholders under the terms of the Scheme. To be eligible to vote the EU Supply Shares issued as a result of the conversion of EU Supply Convertible Loan Notes at the Shareholder Meetings, EU Supply Convertible Loan Noteholders must convert their EU Supply Convertible Loan Notes by 1.00 p.m. on 27 June 2019.

In the event that the EU Supply Convertible Loan Noteholders do not elect to convert their EU Supply Convertible Loan Notes by 5.00 p.m. on 28 June 2019, their entire holding of EU Supply Convertible Loan Notes will be redeemed at par on 30 June 2019 and the funds will be paid to those EU Supply Convertible Loan Noteholders on 1 July 2019 (being the first Business Day after 30 June 2019).

## **9. Effect of the Transaction on the EU Supply Directors' Interests**

The EU Supply Shares held by the EU Supply Directors will be subject to the Scheme. Details of the interests of the EU Supply Directors in the relevant securities of EU Supply are set out in paragraph 5.2 of Part 5 of this document. Particulars of the EU Supply Directors' service agreements are set out in paragraph 6 of Part 5 of this document.

Each of the EU Supply Directors has irrevocably undertaken to vote in favour of the Scheme at the Court Meeting and the Resolution at the General Meeting in respect of the EU Supply Shares in which they are each interested. Further details of these irrevocable undertakings are set out in paragraph 9 of Part 5 of this document.

Save as set out above and in this document, the effect of the Scheme on the interests of the EU Supply Directors does not differ from its effect on the interests of any other holder of EU Supply Shares.

David Cutler and Steffen Karlsson will each cease to be directors of EU Supply conditional upon the Scheme becoming Effective as of the Effective Date. Mercell intends to procure the appointment of its own representatives to the Board once the Scheme becomes Effective. In addition, conditional on the Scheme becoming Effective, Fredrik Wallmark will cease to be company secretary of EU Supply.

## **10. The Scheme and the Shareholder Meetings**

### **10.1 Structure of the Scheme**

The Transaction is being implemented by means of the Scheme, although Mercell reserves the right to elect to implement the Transaction by means of a Takeover Offer (subject to receipt of Takeover Offer Consent).

The purpose of the Scheme is to enable Mercell to become the owner of the entire issued and to be issued share capital of EU Supply. Following the Scheme becoming Effective, the Scheme Shares will be transferred to Mercell, in consideration for which Scheme Shareholders whose names appear on the register of members of EU Supply at the Scheme Record Time will receive 18.25 pence per Scheme Share in cash. Mercell reserves the right to reduce the consideration payable under the Transaction by the amount of any Subsequent Dividend.

To become Effective, the Scheme requires, among other things, the approval of the requisite majority of Scheme Shareholders at the Court Meeting and the passing of the Resolution by the requisite majority of EU Supply Shareholders at the General Meeting.

Following the Shareholder Meetings and the satisfaction (or, where applicable, waiver) of the other Conditions, the Scheme must also be sanctioned by the Court. The Scheme will become Effective only upon a copy of the Court Order being delivered to the Registrar of Companies.

It is expected that the Scheme will become Effective on 10 July 2019, subject to the satisfaction or (where applicable) waiver of the Conditions.

Any adjournment of a Shareholder Meeting or the Court Hearing, or a decision by EU Supply to propose such an adjournment, will be announced promptly by EU Supply through a Regulatory Information Service. If the meeting or hearing is adjourned to a specified date, the announcement will set out the relevant details of the adjourned meeting or hearing. If no such date is specified, the adjourned date will be announced separately.

Further details of the Shareholder Meetings and the Conditions are set out in paragraphs 10.2 to 10.7 below.

### **10.2 The Shareholder Meetings**

The Scheme will require the approval of the requisite majority of Scheme Shareholders at the Court Meeting to be held at the offices of haysmacintyre, 10 Queen Street, London, EC4R 1AG at 12.00 p.m. on 2 July 2019. The Scheme will also require the approval of the requisite majority of EU Supply Shareholders of the Resolution at the General Meeting to be held at the same place at 12.15 p.m. on 2 July 2019 (or as soon thereafter as the Court Meeting has concluded or been adjourned). Notices of the Shareholder Meetings are set out in Part 9 and Part 10 respectively of this document.

Whether or not you vote in favour of the resolutions to be proposed at the Shareholder Meetings, if the Scheme becomes Effective, your Scheme Shares will be transferred to Mercell and you will receive the consideration due under the terms of the Transaction.

As soon as practicable and, in any event, by no later than 8.00 a.m. on the Business Day following the Shareholder Meetings, EU Supply shall make an announcement through a Regulatory Information Service stating whether or not the resolutions put to shareholders at the Shareholder Meetings were passed by the requisite majorities (and, if not, whether or not the Scheme has lapsed) and giving voting results in relation to the Shareholder Meetings.



### 10.3 **Court Meeting**

The Court Meeting is being held at the direction of the Court and has been convened to enable the Scheme Shareholders to consider and, if thought fit, approve the Scheme. At the Court Meeting, voting will be by poll and each Scheme Shareholder on the register of members of EU Supply at the Voting Record Time present (in person or by proxy) will be entitled to one vote for each Scheme Share held by him at the Voting Record Time.

The approval required at the Court Meeting is the approval of a majority in number of the Scheme Shareholders 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 (or any adjournment thereof), representing not less than 75 per cent. in value of the Scheme Shares voted by such Scheme Shareholders.

EU Supply Shares registered in the name of or beneficially owned by Mercell or its nominee(s) or any subsidiary undertaking of Mercell or its nominee will not be eligible to be voted on the resolution to approve the Scheme at the Court Meeting and the Scheme will not apply to such EU Supply Shares. As at the Last Practicable Date, there were no EU Supply Shares registered in the name of or beneficially owned by Mercell or any other member of the Mercell Group.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy or transmit a proxy instruction (either electronically or through CREST) as soon as possible.

### 10.4 **General Meeting**

The General Meeting has been convened to enable all EU Supply Shareholders to consider and, if thought fit, approve the Resolution to authorise:

- (i) the EU Supply Directors to take actions to implement the Scheme;
- (ii) certain amendments to the EU Supply Articles (as described below); and
- (iii) subject to the Scheme becoming effective and the cancellation of admission to trading on AIM of the EU Supply Shares, re-registration of EU Supply as a private limited company.

The Resolution will require votes in favour of not less than 75 per cent. of the votes cast on a poll vote by EU Supply Shareholders on the register of members of EU Supply at the Voting Record Time present and voting in person or by proxy at the General Meeting in order to be passed.

The Resolution, if passed, will authorise certain amendments to the EU Supply Articles required in connection with the Scheme. The proposed amendments will provide, amongst other things, that subject to the implementation of the Scheme, any EU Supply Shares issued to any person (other than Mercell or its nominee(s)) after the Scheme Record Time will be immediately transferred to Mercell and/or its nominee, in consideration of the payment of the same consideration per EU Supply Share as was due to a holder of Scheme Shares under the Scheme. This will avoid any person (other than Mercell or its nominee(s)) being left with EU Supply Shares after dealings in such shares have ceased trading on AIM, which is expected to occur at 7.00 a.m on 11 July 2019. The proposed changes to the EU Supply Articles are contained in the notice of the General Meeting set out in Part 10 of this document.

### 10.5 **Entitlement to vote at the Shareholder Meetings**

Each holder of Scheme Shares whose name appears on the register of members of EU Supply at the Voting Record Time will be entitled to attend and vote at the Court Meeting. Each holder of EU Supply Shares whose name appears on the register of members of EU Supply at the Voting Record Time will be entitled to attend and vote at the General Meeting. If either Shareholder Meeting is adjourned, only those Scheme Shareholders (in the case of the Court Meeting) and EU Supply Shareholders (in the case of the General Meeting) on the register of members of EU Supply at 6.00 p.m. on a day which is not more than 48 hours (excluding any part of a day that is not a working day) before the time set for the adjourned meeting will be entitled to attend and vote.



Each EU Supply Shareholder is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a EU Supply Shareholder. Please see paragraph 11 of this Part 2 for further information on actions to be taken in order to vote at the Shareholder Meetings and to appoint proxies.

#### 10.6 **Sanction of the Scheme by the Court**

If the resolutions are passed at the Shareholder Meetings, the Scheme will also require the sanction of the Court. The Court Hearing is expected to be held on 9 July 2019.

As soon as possible following the Court Hearing, EU Supply shall make an announcement through a Regulatory Information Service stating the decision of the Court and details of whether the Scheme will proceed.

All Scheme Shareholders are entitled to attend the Court Hearing in person or to be represented by counsel to support or oppose the sanctioning of the Scheme.

Mercell shall undertake to the Court to be bound by the Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

#### 10.7 **Conditions**

The Conditions to the Transaction and the Scheme are set out in Part 3 of this document. The Transaction is conditional upon the Scheme becoming unconditional and Effective, subject to the Takeover Code, on or before 11.59 p.m. (London time) on the Long Stop Date. In summary, the Scheme is conditional, amongst other things, upon:

- (a) (i) its approval by a majority in number representing not less than 75 per cent. in value of the Scheme Shareholders (or the relevant class or classes thereof) who are on the register of members of EU Supply at the Voting Record Time, and who are present and voting (and entitled to vote), either in person or by proxy, at the Court Meeting and at any separate class meeting which the Court may require (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 as set out in this document (or such later date as Mercell and EU Supply may agree in writing and the Court may allow);
- (b) (i) the Resolution required to implement the Scheme being duly passed by the requisite majority of EU Supply Shareholders at the General Meeting (or any adjournment thereof) and (ii) such General Meeting (or any adjournment thereof) being held on or before the 22nd day after the expected date of the General Meeting as set out in this document (or such later date as Mercell and EU Supply may agree in writing and the Court may allow);
- (c) (i) the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to EU Supply and Mercell) 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 such Court Hearing set out in this document (or such later date as Mercell and EU Supply may agree in writing and the Court may allow); and
- (d) the other conditions not otherwise identified above (but set out in Part 3 of this document) either being satisfied or, with the exception of certain conditions which are not capable of waiver, waived.

If the Condition that the Scheme must become unconditional and Effective on or before 11.59 p.m. (London time) on the Long Stop Date or any Condition referred to in sub-paragraphs (a) to (c) 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, waived that Condition (if capable of waiver) or, with the agreement of EU Supply, specified a new date by which that Condition must be satisfied.

#### 10.8 **Effective Date**

The Scheme will become Effective upon the delivery of a copy of the Court Order to the Registrar of Companies. This is expected to occur on 10 July 2019.

As soon as practicable on the Effective Date, EU Supply or Mercell shall make an announcement through a Regulatory Information Service stating that the Scheme has become Effective.

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

If the Scheme is not Effective by 11.59 p.m. (London time) on the Long Stop Date (or such later date (if any) as EU Supply and Mercell may, with the consent of the Panel, agree and (if required) the Court may allow), the Scheme will not be implemented and the Transaction will not proceed.

#### 10.9 **Return of documents of title**

If the Scheme lapses or is withdrawn, all documents of title lodged by any Scheme Shareholder with any Form of Proxy shall be returned to such Scheme Shareholder as soon as practicable (and in any event within 14 days of such lapsing or withdrawal) and to the extent that any securities of EU Supply are held in escrow by Neville Registrars in connection with the Scheme, instructions shall be given immediately for the release of such securities.

#### 10.10 **Modifications and revision**

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

Mercell reserves the right to elect, subject to receipt of Takeover Offer Consent, to implement the Transaction by means of a Takeover Offer as it may determine in its absolute discretion. In such event, the Transaction will be implemented 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). The Panel will determine the offer timetable that will apply following any switch to a Takeover Offer to which it consents. Mercell must announce a switch to a Takeover Offer through a Regulatory Information Service. Any such announcement must include:

- (i) details of all changes in terms and conditions of the Transaction;
- (ii) details of any material changes to other details of the Transaction;
- (iii) an explanation of the offer timetable following the switch to a Takeover Offer; and
- (iv) an explanation of whether irrevocable undertakings will remain valid following the switch to a Takeover Offer.

The consent of the Panel must be obtained if it is proposed to make any modifications or revisions to the Scheme (i) less than 14 days prior to the date of the Shareholder Meetings (or any later date to which such meetings are adjourned) or (ii) following the Shareholder Meetings. A switch to a Takeover Offer is not a modification or revision for the purposes of this paragraph.

### 10.11 **Fractional entitlements**

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

## 11. **Action to be taken**

Notices of the Court Meeting and the General Meeting are set out in Parts 9 and 10 respectively of this document. You will also find enclosed with this document:

- a WHITE Form of Proxy for use at the Court Meeting;
- a YELLOW Form of Proxy for use at the General Meeting; and
- a reply-paid envelope for use in the United Kingdom.

Whether or not you plan to attend the Shareholder Meetings, please complete the Forms of Proxy in accordance with the instructions printed on them and to return them to: Neville Registrars, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD as soon as possible and, in any event, so as to be received by no later than:

- 12.00 p.m. on 28 June 2019 in the case of the WHITE Form of Proxy for the Court Meeting; and
- 12.15 p.m. on 28 June 2019 in the case of the YELLOW Form of Proxy for the General Meeting,

(or, in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). A reply-paid envelope has been provided for use in the United Kingdom only. The Scheme requires approval at both the Shareholder Meetings.

If the WHITE Form of Proxy for the Court Meeting is not received by Neville Registrars by 12.00 p.m. on 28 June 2019, it may be handed to a representative of Neville Registrars or the Chairman of the Court Meeting before the taking of the poll at the Court Meeting. However, if the YELLOW Form of Proxy for the General Meeting is not received by Neville Registrars by 12.15 p.m. on 28 June 2019, it will be invalid.

If you hold your EU Supply Shares in CREST, you may vote using the CREST voting service in accordance with the procedures set out in the CREST Manual via CREST (please also refer to the accompanying notes on the notices of the Shareholder Meetings set out in Parts 9 and 10 of this document and in the Forms of Proxy).

Proxies submitted electronically through CREST must be sent as soon as possible, and in any event, so as to be received by no later than 12.00 p.m. on 28 June 2019 in the case of the Court Meeting and by 12.15 p.m. on 28 June 2019 in the case of the General Meeting (or in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting).

EU Supply Shareholders entitled to attend and vote at the Shareholder Meetings may appoint a proxy electronically by logging on to [www.sharegateway.co.uk](http://www.sharegateway.co.uk), and registering the proxy using their personal proxy registration code (activity code) as shown on the Forms of Proxy. For an electronic proxy to be valid, your appointment must be received by Neville Registrars no later than 48 hours (excluding any part of a day that is not a working day) before the time and date set for the relevant meeting.

The Court Meeting and the General Meeting will be held at the offices of haysmacintyre, 10 Queen Street, London, EC4R 1AG at 12.00 p.m. and 12.15 p.m., respectively, on 2 July 2019.

If you propose to attend the Shareholder Meetings, please detach from the Forms of Proxy and bring with you the attendance slip to assist your admission.

Completing and returning the Forms of Proxy, completing and transmitting a CREST Proxy Instruction or appointing a proxy electronically will not prevent you from attending and voting in person at the Shareholder Meetings, or any adjournment of the Shareholder Meetings, if you so wish and are so entitled.

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

**are therefore strongly urged to return your Forms of Proxy or transmit a proxy instruction (either electronically or through CREST) as soon as possible.**

## **12. Settlement and share certificates**

Subject to the Scheme becoming Effective, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be effected within 14 days of the Effective Date in the manner set out below.

Except with the consent of the Panel, settlement of consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which Mercell may otherwise be, or claim to be, entitled against such Scheme Shareholder.

### **12.1 Consideration where Scheme Shares are held in uncertificated form (that is, in CREST)**

A Scheme Shareholder who holds Scheme Shares at the Scheme Record Time in uncertificated form will receive any consideration to which it is entitled under the Scheme through CREST by Mercell procuring the creation of an assured payment obligation in favour of the appropriate CREST account through which the relevant Scheme Shareholder holds such uncertificated Scheme Shares in respect of the consideration due to him.

As at the close of trading on the last day of dealings in EU Supply Shares prior to the Effective Date, there may be unsettled, open trades for the sale and purchase of EU Supply Shares within CREST. Scheme Shares that are the subject of such unsettled trades will be treated under the Scheme in the same way as any other Scheme Share registered in the name of the relevant seller under that trade. Consequently, those Scheme Shares will be transferred under the Scheme and the seller will receive the appropriate consideration in accordance with the terms of the Scheme.

As from the Effective Date, each holding of Scheme Shares credited to any stock account in CREST shall be disabled and all Scheme Shares will be removed from CREST in due course thereafter.

Mercell reserves the right to pay all or any part of the consideration referred to above to all or any Scheme Shareholder(s) who hold(s) Scheme Shares in uncertificated form at the Scheme Record Time in the manner referred to in paragraph 12.2 of this Part 2 if, for any reason, it wishes to do so.

### **12.2 Consideration where Scheme Shares are held in certificated form**

Settlement of the consideration in respect of Scheme Shares held in certificated form at the Scheme Record Time shall be despatched:

- (i) by first-class post (or international standard post, if overseas), by cheque drawn on a branch of a UK clearing bank; or
- (ii) by such other method as may be approved by the Panel.

All such cash payments shall be made in pounds sterling. Payments made by cheque shall be payable to the Scheme Shareholders concerned. Cheques shall be despatched as soon as practicable and within 14 days after the Effective Date to the persons entitled thereto at their respective addresses as appearing in the register of members of EU Supply at the Scheme Record Time, or in the case of joint holders, at the address of that member that stands first in the register of members in respect of that holding. None of EU Supply, Mercell or any of their respective nominees or agents shall be responsible for any loss or delay in the transmission of cheques sent in this way, and such cheques shall be sent at the risk of the person entitled thereto.

On the Effective Date, each certificate representing a holding of EU Supply Shares in the name of someone other than Mercell or its nominee(s) will cease to be valid. Following settlement of the consideration to which Scheme Shareholders are entitled under the Scheme, such Scheme Shareholder will be bound on the request of EU Supply either (i) to destroy such certificate(s); or (ii) return such certificate(s) to EU Supply, or to any person appointed by EU Supply for cancellation.

### **13. Cancellation of admission to trading and re-registration**

An indicative timetable of principal events setting out, among other things, the expected date of the last day of trading in, and the suspension of, EU Supply Shares on AIM is set out on page 9 of this document.

It is intended that dealings in EU Supply Shares will be suspended at 7.30 a.m. on 10 July 2019. No transfers will be registered after 6.00 p.m. on 9 July 2019 (other than the transfer of EU Supply Shares issued upon conversion of the EU Supply Convertible Loan Notes, such transfer to be in accordance with the terms of the Scheme and the EU Supply Articles (as amended by the Resolution)).

It is further intended that prior to the Effective Date, EU Supply will make an application to the London Stock Exchange for the cancellation of the admission to trading of the EU Supply Shares on AIM with effect from the first Business Day after the Effective Date.

Following the Scheme becoming Effective and the cancellation of the admission to trading of the EU Supply Shares on AIM, it is also proposed that EU Supply be re-registered as a private limited company.

### **14. United Kingdom taxation**

The attention of EU Supply Shareholders is drawn to Part 7 of this document which summarises certain aspects of the UK taxation treatment of certain EU Supply Shareholders in connection with the Transaction. That summary does not constitute tax advice and does not purport to be a complete analysis of all potential UK tax consequences of the Scheme.

**If you are in any doubt about your own tax position or you are subject to taxation in any jurisdiction other than the UK, you should consult an independent professional adviser immediately.**

### **15. Overseas Shareholders**

The availability of the Transaction to Overseas Shareholders and the distribution of this document in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves of, and observe, any such restrictions.

The Transaction relates to shares of a United Kingdom company and is proposed to be implemented by means of a scheme of arrangement under the laws of England and Wales. A transaction implemented by means of a scheme of arrangement 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 United Kingdom to schemes of arrangement, which differ from the requirements of the US proxy solicitation and tender offer rules or the laws of other jurisdictions outside the United Kingdom.

Unless otherwise determined by Mercell or required by the Takeover Code, and permitted by applicable law and regulation, the Transaction shall 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. Accordingly, any person (including without limitation, nominees, trustees and custodians) who would, or otherwise intends to, forward this document or any accompanying document to any jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any action. If any Overseas Shareholder remains in any doubt, it should consult an appropriate independent professional adviser in its relevant jurisdiction without delay. In particular, the ability of persons who are not resident in the United Kingdom to vote their EU Supply Shares at the Court Meeting or the General Meeting or to execute and deliver Forms of Proxy appointing another to vote their EU Supply Shares in respect of the Court Meeting or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located.

Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Transaction disclaim any responsibility or liability for the violation of such restrictions by any person. This document has been prepared for the purposes of complying with the law of England and Wales and the Takeover Code and the information disclosed may not be the same as that which would have been

disclosed if this document and the accompanying documents had been prepared in accordance with the laws of jurisdictions outside of England and Wales.

This document is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful.

## **16. Further information**

Your attention is drawn to the full text of the Scheme as set out in Part 6 (The Scheme of Arrangement) of this document.

Your attention is also drawn to the following parts of this document, which are deemed to form part of this explanatory statement: Part 3 (Conditions and Further Terms of the Scheme and the Transaction); Part 4 (Financial and Ratings Information); Part 5 (Additional Information); Part 9 (Notice of Court Meeting); and Part 10 (Notice of General Meeting).

Yours faithfully

T.O.R. Griffiths  
For and on behalf of  
Stockdale Securities Limited



## PART 3

### CONDITIONS AND FURTHER TERMS OF THE SCHEME AND THE TRANSACTION

#### 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 this 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 this 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 General Meeting (or any adjournment thereof); and (ii) the General Meeting (or any adjournment thereof) being held on or before the 22nd day after the expected date of the General Meeting to be set out in this 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 this 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 Mercell 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 the 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 Merrell 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 Merrell 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 Merrell 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 Announcement Date 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 Resolution, 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 Transaction, 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, Merzell 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 Merzell 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 Merzell 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 Merzell to be or to remain satisfied or (if capable of waiver) be waived by Merzell 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. Merzell 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 Merzell and EU Supply may agree and the Panel and the Court may allow).
6. If Merzell is required by the Panel to make an offer for EU Supply Shares under the provisions of Rule 9 of the Takeover Code, Merzell 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, Merzell 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 Merzell 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. Merzell 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 Merzell and/or one or more wholly owned subsidiaries of Merzell 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 Merzell 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 Announcement Date.

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 Announcement Date 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 document 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 Part 3 and those terms which will be set out in this 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.

## PART 4

### FINANCIAL AND RATINGS INFORMATION

#### Part A: Financial information relating to EU Supply

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

- the audited consolidated accounts of EU Supply for the financial year ended 31 December 2018 set out on pages 21-52 (both inclusive) in the Company's annual report for the financial year ended 31 December 2018 available from EU Supply's website at [www.eusupply.com](http://www.eusupply.com) by opening the link entitled EU Supply PLC Statutory Accounts 2018; and
- the audited consolidated accounts of EU Supply for the financial year ended 31 December 2017 set out on pages 22-55 (both inclusive) in the Company's annual report for the financial year ended 31 December 2017 available from EU Supply's website at [www.eusupply.com](http://www.eusupply.com) by opening the link entitled EU Supply PLC Statutory Accounts 2017.

#### Part B: Financial information relating to Mercell

On 3 April 2019, Mercell published its audited accounts for the year ended 31 December 2018. The following information is extracted from Mercell's annual accounts for the financial year ended 31 December 2018.

	<i>Year ended 31 December 2017 NOK Audited</i>	<i>Year ended 31 December 2018 NOK Audited</i>
Revenue	91,088,020	104,704,128
Operating income	20,307,026	23,745,534
Profit before tax	(11,587,641)	(3,390,520)
Net profit	(10,631,284)	(5,177,784)

  

	<i>As at 31 December 2017 NOK Audited</i>	<i>As at 31 December 2018 NOK Audited</i>
Assets	67,507,698	93,702,684
Liabilities	52,777,802	52,583,611
Net Assets	14,729,896	41,119,072

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

- the audited consolidated accounts of Mercell for the financial year ended 31 December 2018 set out in Mercell's annual report for the financial year ended 31 December 2018 available from Mercell's website at [www.mercell.com/en/105620654/-offer-for-eus.aspx](http://www.mercell.com/en/105620654/-offer-for-eus.aspx) by opening the link entitled Mercell annual report and accounts for the year ended 31 December 2018; and
- the audited consolidated accounts of Mercell for the financial year ended year ended 31 December 2017 set out in Mercell's annual report for the financial year ended 31 December 2017 available from Mercell's website at [www.mercell.com/en/105620654/-offer-for-eus.aspx](http://www.mercell.com/en/105620654/-offer-for-eus.aspx) by opening the link entitled Mercell annual report and accounts for the year ended 31 December 2017.

**Part C: EU Supply ratings and outlooks**

No ratings agency has publicly accorded EU Supply with any credit rating or outlook.

**Part D: Mercell ratings and outlooks**

No ratings agency has publicly accorded Mercell with any credit rating or outlook.

## PART 5

### ADDITIONAL INFORMATION

#### 1. Responsibility

- 1.1 The EU Supply Directors, whose names are set out at paragraph 2.1 of this Part 5, each accept responsibility for the information contained in this document (including any expressions of opinion) other than the information (and expressions of opinion) contained in this document in respect of Mercell or the Mercell Group, for which responsibility is taken by the Mercell Directors pursuant to paragraph 1.2 below. To the best of the knowledge and belief of the EU Supply Directors (who have taken all reasonable care to ensure that such is the case), the information (including any expressions of opinion) contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Mercell Directors, whose names are set out at paragraph 2.2 of this Part 5, each accept responsibility for the information (and expressions of opinion) contained in this document relating to the Mercell Group, the Mercell Directors and members of their immediate families, related trusts and persons connected with them including, without limitation, information relating to Mercell's strategy and future intentions for EU Supply. To the best of the knowledge and belief of the Mercell Directors (who have taken all reasonable care to ensure that such is the case), the information (including any expressions of opinion) contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Directors

- 2.1 The EU Supply Directors and their respective positions are set out below:

<i>Name</i>	<i>Position held</i>
David Cutler	Non-Executive Chairman
Thomas Beergrehn	Chief Executive Officer
Fredrik Wallmark	Chief Financial Officer
Steffen Karlsson	Non-Executive Director

- 2.2. The Mercell Directors and their respective positions are set out below:

<i>Name</i>	<i>Position held</i>
Joar Welde	Chairman
Terje Wibe	Chief Executive Officer
Erik Fjellvær Hagen	Director
Helge Nielsen	Director
Ole-Bjørn Gjerde	Director
Bjørn-Thore Epland	Director
Inge Arne Støve	Director

#### 3. EU Supply Shares and EU Supply Convertible Loan Notes

At the close of business on the Last Practicable Date, the following were in issue:

- 71,716,406 EU Supply Shares; and
- £1,649,000 EU Supply Convertible Loan Notes.

#### 4. Market quotations

The following table sets out the Closing Price for EU Supply Shares taken from Factset.com on the first Business Day in each of the six months immediately before the date of this document, on 9 May 2019

(being the last Business Day prior to the commencement of the Offer Period) and on the Last Practicable Date:

<i>Date</i>	<i>Closing Price (pence)</i>
6 June 2019	17.80
3 June 2019	17.80
9 May 2019	13.00
1 May 2019	12.00
1 April 2019	9.00
1 March 2019	10.75
1 February 2019	10.75
2 January 2019	11.00
3 December 2018	11.20

## **5. Disclosure of interests and dealings**

### **5.1 Definitions and references**

For the purposes of this paragraph 5:

- 5.1.1 “acting in concert” with EU Supply or Mercell, as the case may be, means any such person acting or deemed to be acting in concert with EU Supply or Mercell, as the case may be, for the purposes of the Takeover Code;
- 5.1.2 “arrangement” includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities of EU Supply which may be an inducement to deal or refrain from dealing;
- 5.1.3 “connected adviser” includes an organisation which (A) is advising Mercell or (as the case may be) EU Supply in relation to the Transaction, (B) is a corporate broker to Mercell or (as the case may be) EU Supply, (C) is advising a person acting in concert with Mercell or (as the case may be) EU Supply in relation to the Transaction or in relation to the matter which is the reason for that person being a member of the concert party, in each case, excluding any “exempt principal traders” and any “exempt fund managers”;
- 5.1.4 “connected person” means, in relation to any person who is a director of a company, any other person whose interests in shares the director is taken to be interested in pursuant to Part 22 of the Companies Act and related regulations;
- 5.1.5 ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and “control” means an interest or interests in shares carrying in aggregate 30 per cent. or more of the “voting rights” of a company, irrespective of whether the holding or holdings gives de facto control;
- 5.1.6 “dealing” or “dealt” means:
  - (i) acquiring or disposing of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or of general control of relevant securities;
  - (ii) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any relevant securities;
  - (iii) subscribing or agreeing to subscribe for relevant securities;
  - (iv) exercising or converting, whether in respect of any new or existing securities, or any relevant securities carrying conversion or subscription rights;
  - (v) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying, a derivative referenced, directly or indirectly, to relevant securities;
  - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and

- (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- 5.1.7 “derivative” includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;
- 5.1.8 “disclosure period” means the period which began on 10 May 2018 (the date 12 months prior to the commencement of the Offer Period) and ended on the Last Practicable Date;
- 5.1.9 “relevant securities” means:
- (i) EU Supply Shares and any other securities of EU Supply conferring voting rights;
  - (ii) the equity share capital of EU Supply or (as the case may be) Merzell; and
  - (iii) securities of EU Supply or (as the case may be) Merzell carrying conversion or subscription rights into any of the foregoing;
- 5.1.10 “short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery;
- 5.1.11 “voting rights” means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting of that company. Except for treasury shares, any shares which are subject to:
- (i) a restriction on the exercise of voting rights:
    - (1) in an undertaking or agreement by or between a shareholder and the company or a third party; or
    - (2) arising by law or regulation; or
  - (ii) a suspension of voting rights implemented by means of the company’s articles of association or otherwise,
- will normally be regarded as having voting rights which are currently exercisable at a general meeting;
- 5.1.12 a person has an “interest” or is “interested” in relevant securities if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities (but not if he only has a short position in such securities) and in particular if:
- (i) he owns them;
  - (ii) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
  - (iii) by virtue of any agreement to purchase, option or derivative he:
    - (1) has the right or option to acquire them or call for their delivery; or
    - (2) is under an obligation to take delivery of them;
- whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (iv) he is party to any derivative:
    - (1) whose value is determined by reference to their price; and
    - (2) which results, or may result, in his having a long position in them; and
- 5.1.13 “close relatives”, “exempt principal trader”, “exempt fund manager” and “securities” have the meanings given to them by the Takeover Code.



## 5.2 **Interests, rights to subscribe and short positions in relevant securities of EU Supply**

### 5.2.1. EU Supply Directors

As at the last day of the disclosure period, the EU Supply Directors were interested in the following EU Supply Shares:

<i>Name</i>	<i>Number of EU Supply Shares</i>
Thomas Beergrehn	9,229,237
Steffen Karlsson	1,637,267
David Cutler	552,477
Fredrik Wallmark	53,333

As at the last day of the disclosure period, the following EU Supply Convertible Loan Notes which are convertible into EU Supply Shares were held by the following EU Supply Directors:

<i>Name</i>	<i>Number of EU Supply Convertible Loan Notes</i>	<i>Convertible into the following number of EU Supply Shares</i>
Thomas Beergrehn	200,000	1,709,402
Steffen Karlsson	80,000	683,761

5.2.2. As at the last day of the disclosure period, Mercell had a legal and beneficial interest in nil EU Supply Shares.

## 5.3 **General**

Save as disclosed in this Part 5, as at the end of the disclosure period:

- none of: (i) Mercell; (ii) any Mercell Director or any of their close relatives, related trusts or connected persons and (iii) any other person acting in concert with Mercell had a dealing arrangement (save for the irrevocable undertakings described in paragraph 9 of this Part 5), had any right to subscribe for, or had any short position in relation to, or was interested in, any relevant securities of EU Supply nor had any such person dealt in any relevant securities of EU Supply during the disclosure period;
- neither EU Supply, nor any of the EU Supply Directors, nor (in the case of the EU Supply Directors) any of their close relatives, related trusts or connected persons, nor any person acting in concert with EU Supply was interested in, had any right to subscribe for, or had any short position in relation to, any relevant securities of EU Supply and nor had any such person dealt in any relevant securities of EU Supply in the period commencing on the first day of the Offer Period and ending on the last day of the disclosure period;
- neither EU Supply, nor any of the EU Supply Directors, nor (in the case of the EU Supply Directors) any of their close relatives, related trusts or connected persons, was interested in, had any right to subscribe for, or had any short position in relation to, any relevant securities of Mercell and nor had any such person dealt in any relevant securities of Mercell in the period commencing on the first day of the Offer Period and ending on the last day of the disclosure period;
- neither EU Supply, Mercell, nor any person acting in concert with EU Supply or Mercell, had borrowed or lent (including for these purposes any financial collateral arrangements of a kind referred to in Note 4 on Rule 4.6 of the Takeover Code) any relevant securities in EU Supply (save for any borrowed shares which have been either on-lent or sold); and
- save for the irrevocable undertakings described in paragraph 9 of this Part 5, there is no arrangement relating to relevant securities in EU Supply which exists between Mercell or any person acting in concert with Mercell and any other person, nor between EU Supply or any person acting in concert with EU Supply and any other person.

## **6. Service contracts and letters of appointment of the EU Supply Directors**

- 6.1 The EU Supply Group has entered into the following agreements with the EU Supply Directors:
- 6.1.1. a letter of appointment dated 11 October 2013 between (1) the Company and (2) David Cutler whereby David was appointed as Chairman of the Company. The appointment may be terminated by either party on three months' notice. The letter of appointment contains provisions for early termination, *inter alia*, in the event of serious or repeated breach by the director of his obligations to the Company. An annual fee of £35,000 is payable to David. No benefits are provided to David under his appointment;
  - 6.1.2. a service agreement dated 7 November 2013 between (1) EU-Supply Holdings AB and (2) Thomas Beergrehn whereby Thomas was appointed as Chief Executive Officer of the Company. The appointment may be terminated by either party by serving 12 months' notice on the other. The service agreement contains provisions for early termination, *inter alia*, in the event of serious or repeated breach by the director of his obligations to the Company. An annual salary of approximately £126,000 is payable to Thomas. Thomas may be entitled to a bonus at the discretion of the Company. The service agreement provides that he is entitled to life assurance, private medical insurance, a financial contribution towards his permanent health insurance and vehicle allowance. The Company has also entered into a letter of appointment with Thomas Beergrehn dated 7 November 2013 confirming Thomas' appointment as Chief Executive Officer of the Company and Thomas' key duties and responsibilities as Chief Executive Officer;
  - 6.1.3. a service agreement dated 6 July 2017 between (1) the Company and (2) Lars Fredrik Wallmark whereby Fredrik was appointed as Chief Financial Officer of the Company. The appointment may be terminated by either party by serving at least 6 months' notice on the other. The letter of appointment contains provisions for early termination, *inter alia*, in the event of serious or repeated breach by the director of his obligations to the Company. An annual salary of approximately £82,000 is payable to Fredrik; and
  - 6.1.4. a letter of appointment dated 7 November 2013 between (1) the Company and (2) Steffen Karlsson whereby Steffen was appointed as Non-Executive Director of the Company. The appointment may be terminated by either party, by serving three months' notice on the other. The letter of appointment contains provisions for early termination, *inter alia*, in the event of serious or repeated breach by the director of his obligations to the Company. An annual fee of approximately £21,750 is payable to Steffen. No benefits are provided to Steffen under his appointment.
- 6.2 Save as set out in paragraph 6.1 above, there are no existing or proposed service contracts or consultancy agreements between any of the EU Supply Directors and the Company or any member of the EU Supply Group. None of the arrangements referred to in paragraph 6.1 above contains a right to benefits upon termination (other than those during the notice period under the relevant contract).
- 6.3 The EU Supply Directors have not received and are not entitled to receive any EU Supply Shares or options over EU Supply Shares in lieu of remuneration or as any form of compensation.
- 6.4 Other than as disclosed in paragraph 6.1 above, no member of the EU Supply Group is party to any service contract with any of the EU Supply Directors which provides for benefits on the termination of any such contract.
- 6.5 No sums have been set aside or accrued by the Company or any member of the EU Supply Group to provide pension, retirement, or similar benefits for the EU Supply Directors.
- 6.6 There is no arrangement under which any EU Supply Director has waived or agreed to waive future emoluments.
- 6.7 Save as set out in this paragraph 6:
- 6.7.1 no EU Supply Director is entitled to commission or profit sharing arrangements;
  - 6.7.2 other than statutory compensation and payment in lieu of notice, no compensation is payable by EU Supply to any EU Supply Director upon early termination of their appointment; and
  - 6.7.3 no service agreement or letter of appointment of any EU Supply Director was entered into or amended in the six month period prior to the date of this document.

## 7. Material contracts

During the period beginning on the date falling two years before the commencement of the Offer Period and ending on the Last Practicable Date, Merzell and EU Supply and their respective subsidiaries, as applicable, entered into the material contracts set out below (other than contracts entered into in the ordinary course of business).

### 7.1 **EU Supply material contracts**

The following contracts, being offer-related arrangements or contracts entered into outside the ordinary course of business, and which are or may be material, have been entered into by EU Supply during the period commencing on 10 May 2017 (the date two years before the commencement of the Offer Period) and ended on the Last Practicable Date.

(A) *Confidentiality Agreement*

See paragraph 8.1 below for details of the Confidentiality Agreement.

(B) *Clean Team Agreement*

See paragraph 8.2 below for details of the Clean Team Agreement.

(C) *Placing Agreement*

On 14 May 2018, the Company entered into a placing agreement with Stockdale Securities (the **“Placing Agreement”**) in respect of 3,633,333 Placing Shares in conjunction with 366,667 Subscription Shares (each as defined in the Placing Agreement). The Placing Agreement governed the terms under which Stockdale Securities would act as agent for the Company to procure placees for the 3,633,333 Placing Shares at a placing price of 15 pence per Placing Share. At the same time, the EU Supply Directors agreed to subscribe for 366,667 Subscription Shares at a subscription prices of 15 pence per Subscription Share.

### 7.2 **Merzell material contracts**

The following contracts, being offer-related arrangements or contracts entered into outside the ordinary course of business, and which are or may be material, have been entered into by Merzell during the period commencing on 10 May 2017 (the date two years before the commencement of the Offer Period) and ended on the Last Practicable Date.

(A) *Confidentiality Agreement*

See paragraph 8.1 below for details of the Confidentiality Agreement.

(B) *Clean Team Agreement*

See paragraph 8.2 below for details of the Clean Team Agreement.

(C) *Investment by Viking Venture*

Viking Venture 16 AS and Viking Venture 16 B AS have each participated in a Merzell funding round, in 2018 and 2019 (respectively), pursuant to which each of the Viking Venture entities made an investment of an undisclosed size in Merzell. The investment was structured by way of a subscription for new ordinary shares in Merzell for a subscription amount of NOK 1.50 per share and the acquisition of existing ordinary shares in Merzell from certain existing Merzell shareholders. Following the investment, Viking Venture 16 AS and Viking Venture 16 B AS owned, in aggregate, approximately 44 per cent. of the issued share capital of Merzell.

(D) *Udbudsvagten Licitio eLuence SPA*

On 3 May 2019, Merzell (as buyer) and Bengtsson Holding A/S (**“Bengtsson”**) (as seller) entered into a sale and purchase agreement (the **“Udbudsvagten Licitio eLuence SPA”**) pursuant to which Bengtsson sold to Merzell the entire issued share capital of each of Udbudsvagten A/S,

Licitio A/S and eLuence A/S. Completion of the transaction took place on 9 May 2019. The consideration for the acquisition of each of the target companies was undisclosed.

Under the Udbudsvagten Licitio eLuence SPA, Merzell and Bengtsson gave warranties relating to, among other things, title, capacity and authority and (in the case of Bengtsson) solvency matters. Bengtsson gave certain business warranties as are customary for a transaction of this nature, including in relation to material business contracts and compliance with law. The Udbudsvagten Licitio eLuence SPA includes certain customary limitations on Bengtsson's liability in respect of claims by the Merzell under the warranties.

(E) *Backup Team SPA*

On 23 April 2019, Merzell (as buyer) and Philip Holten Mora-Jensen ("**PH**") (as seller) entered into a sale and purchase agreement (the "**Backup Team SPA**") pursuant to which PH sold to Merzell the entire issued share capital of Backup Team ApS (also known as Innovation ApS). Completion of the transaction took place on 3 May 2019. The consideration for the acquisition was undisclosed.

Under the Backup Team SPA, Merzell and PH gave warranties relating to, among other things, title, capacity and authority and (in the case of PH) solvency matters. PH gave certain business warranties as are customary for a transaction of this nature, including in relation to material business contracts and compliance with law. The Backup Team SPA includes certain customary limitations on PH's liability in respect of claims by the Merzell under the warranties.

(F) *Floating Rate Notes*

On 3 May 2019, Merzell issued SEK 153,000,000 of floating rate secured notes due 2023 (the "**Notes**") to Ture Invest AB ("**Ture**"). The funds have been made available to Merzell to finance various acquisitions. Interest is payable on the Notes at a rate of STIBOR plus 4.75 per cent. of cash interest plus approximately 4.75 per cent. of PIK interest (compounded quarterly) per annum.

The Notes are subject to certain financial covenants relating to Merzell including (i) leverage (total net debt to pro forma EBIT), (ii) ARR leverage (total net debt to Annual Recurring Revenue), (iii) minimum liquidity and (iv) EBITDA. Under the terms of the Notes, Merzell is also subject to certain other customary covenants and reporting requirements.

In connection with the Notes, Merzell granted both fixed and floating security over various of its assets (including share security and security over intercompany loans, bank accounts, trade receivables, inventory and plant and machinery) in favour of Ture.

## **8. Offer-related arrangements**

### **8.1 Confidentiality Agreement**

Merzell and EU Supply entered into the Confidentiality Agreement on 12 February 2019 pursuant to which Merzell 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 Merzell 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 Merzell from, amongst other things, acquiring or entering into any agreement to acquire any EU Supply Shares.

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

## 8.2 **Clean Team Agreement**

Mercell and EU Supply entered into the 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.

## 9. **Irrevocable undertakings**

### 9.1 **EU Supply Directors**

The following EU Supply Directors have undertaken that, in respect of their entire beneficial holdings in EU Supply Shares (as set out below), they shall:

- (i) exercise (or procure the exercise of) all voting rights attaching to the EU Supply Shares to vote in favour of the Scheme at the Court Meeting and the Resolution at the General Meeting;
- (ii) if the Transaction is implemented as a Takeover Offer, accept (or procure the acceptance of) such Takeover Offer in respect of all such EU Supply Shares; and
- (iii) not, except pursuant to the Scheme or any Takeover Offer, sell, transfer, charge, encumber, grant any option or lien over or otherwise dispose of any interest in any EU Supply Shares or any other shares in EU Supply issued or unconditionally allotted to, or acquired by, such EU Supply Director, nor enter into any agreement or arrangement, incur any obligation or give any indication of intent to do any such act.

<i>Name</i>	<i>Number of EU Supply Shares</i>	<i>Percentage of issued share capital of EU Supply</i>
Thomas Beergrehn	9,229,237	12.87
Steffen Karlsson	1,637,267	2.28
David Cutler	552,477	0.77
Fredrik Wallmark	53,333	0.07
<b>TOTAL</b>	<u>11,472,314</u>	<u>16.00</u>

The undertakings listed in this paragraph 9.1 will continue to be binding in the event that a higher competing offer is made for EU Supply.

Each irrevocable undertaking listed in this paragraph 9.1 shall lapse if,:

- (i) Mercell announces, with the consent of the Takeover 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
- (ii) 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.

### 9.2 **EU Supply Shareholders**

The following EU Supply Shareholders have undertaken that, in respect of their entire beneficial holdings in EU Supply Shares (as set out below), they shall:

- (i) exercise (or procure the exercise of) all voting rights attaching to the EU Supply Shares to vote in favour of the Scheme at the Court Meeting and the Resolution at the General Meeting;
- (ii) if the Transaction is effected as a Takeover Offer, accept (or procure the acceptance of) such Takeover Offer in respect of all such EU Supply Shares; and

- (iii) not, except pursuant to the Scheme or any Takeover Offer, sell, transfer, charge, encumber, grant any option or lien over or otherwise dispose of any interest in any EU Supply Shares or any other shares in EU Supply issued or unconditionally allotted to, or acquired by, such EU Supply Shareholder, nor enter into any agreement or arrangement, incur any obligation or give any indication of intent to do any such act.

<i>Name</i>	<i>Number of EU Supply Shares</i>	<i>Percentage of issued share capital of EU Supply</i>
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
<b>TOTAL</b>	<u>19,620,377</u>	<u>27.4</u>

Mercell has also received a non-binding letter of intent dated 10 May 2019 from Amati Global Investors Limited as Fund Manager for Amati AIM VCT plc confirming that it is their current intention to vote in favour of the Transaction in respect of the 3,011,000 EU Supply Shares that they hold representing approximately 4.2 per cent. of the EU Supply Shares in issue on the Last Practicable Date.

Each irrevocable undertaking listed in this paragraph 9.2 shall lapse if:

- (i) Mercell announces, with the consent of the Takeover 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;
- (ii) 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
- (iii) 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 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 LLP 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 its holding of EU Supply Convertible Loan Notes.

## **10. Bases and sources**

- (a) Unless otherwise stated, the financial information relating to Mercell has been extracted (without material adjustment) from the audited consolidated financial statements of Mercell for the financial year ended 31 December 2018.
- (b) Unless otherwise stated, the financial information relating to the EU Supply Group has been extracted (without material adjustment) from the audited consolidated financial statements of EU Supply for the financial year ended 31 December 2018.
- (c) The premium calculation to the price per EU Supply Share has been calculated by reference to the Closing Price of an EU Supply Share of 13.0 pence on 9 May 2019, being the last Business Day prior to the Announcement Date.



- (d) References to the existing issued share capital of EU Supply being 71,716,406 EU Supply Shares are to the number of EU Supply Shares in issue as at the Last Practicable Date. No EU Supply Shares are held in treasury. The International Securities Identification Number for the EU Supply Shares is GB00BFG35570.
- (e) There are 1,649,000 EU Supply Convertible Loan Notes which are traded on The International Stock Exchange. The International Securities Identification Number for the EU Supply Convertible Loan Notes is GB00BD03F377.

## 11. Other Information

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

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

11.3 Save as disclosed in this document, there is no agreement, arrangement or understanding (including any compensation arrangements) between Mercell or any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of EU Supply or any person interested or recently interested in EU Supply Shares having any connection with or dependence on or which is conditional upon the outcome of the Transaction.

11.4 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the EU Supply Shares to be acquired by Mercell will be transferred to any other person, save that Mercell reserves the right to transfer any such shares to any member of the Mercell Group.

11.5 The aggregate fees and expenses which are expected to be incurred by Mercell in connection with the Transaction are estimated to amount to £738,000 excluding applicable VAT. This aggregate number consists of the following categories (in each case excluding applicable VAT):

- 11.5.1 Financing arrangements: £nil;
- 11.5.2 Financial and corporate broking advice: £250,000;
- 11.5.3 Legal advice<sup>(2)</sup>: £409,000;
- 11.5.4 Accounting advice: £40,000;
- 11.5.5 Public relations advice: £nil;
- 11.5.6 Other professional services: £nil;
- 11.5.7 Other costs and expenses: £39,000.

(1) Fees and expenses that will be invoiced in (i) Norwegian Krone (NOK) have, for the purposes of this table, been converted into pounds sterling at an exchange rate of £1 = NOK 11.07. These exchange rates reflect the Bloomberg spot exchange rate as at 11.00 a.m. on the Last Practicable Date. The actual amount of the fees and expenses incurred on a sterling basis may vary depending on foreign exchange movements during the course of the Offer Period.

(2) These costs are based, in part, on hourly rates. In relation to these elements, amounts included here reflect the time incurred up to the Last Practicable Date, together with an estimate of the further fees to be incurred.

11.6 The aggregate fees and expenses which are expected to be incurred by EU Supply in connection with the Transaction are estimated to amount to £568,000 excluding applicable VAT. This aggregate number consists of the following categories (in each case excluding applicable VAT):

- 11.6.1 financial and corporate broking advice: £395,000;
- 11.6.2 legal advice: £160,000;
- 11.6.3 accounting advice: £nil;
- 11.6.4 public relations advice: £nil;
- 11.6.5 other professional services: £nil; and
- 11.6.6 other costs and expenses: £13,000.

A proportion of the fees referred to at paragraph 11.6.1 above is contingent upon the Scheme becoming Effective.

- 11.7 Save as disclosed in this document, the EU Supply Directors are not aware of any significant change in the financial or trading position of EU Supply which has occurred since 31 December 2018, being the date of the end of the last financial period for which either audited financial information, preliminary, half-yearly or interim financial information was published by the Company.
- 11.8 The persons (other than the Mercell Directors, the Mercell Directors and the other members of the Mercell Group) who, for the purposes of the Takeover Code, are deemed to be acting in concert with Mercell in respect of the Transaction are:
- 11.8.1 Liberum of Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY, as connected adviser;
  - 11.8.2 Viking Venture 16 AS of Nedre Bakklundet 77, 7014 Trondheim, as an associated company; and
  - 11.8.3 Viking Venture 16 B AS of Nedre Bakklundet 77, 7014 Trondheim, as an associated company.
- 11.9 The persons (other than the EU Supply Directors and the other members of the EU Supply Group) who, for the purposes of the Takeover Code, are deemed to be acting in concert with EU Supply in respect of the Transaction are Stockdale Securities of 100 Wood Street, London EC2V 7AN, as connected adviser.
- 11.10 A consolidated list of information incorporated by reference in this document is set out in Part A and Part B of Part 4 of this document.
- 11.11 Mercell is a private limited company incorporated in Norway with business ID 980 921 565 and whose registered office is at Grensesvingen 6, 0663 Oslo, Norway.

## **12. Documents on display**

Copies of the following documents will be available, free of charge, on EU Supply's website at [www.eu-supply.com/Website/InvestorRelations](http://www.eu-supply.com/Website/InvestorRelations) and Mercell's website at [www.mercell.com/en/105620654/-offer-for-eus.aspx](http://www.mercell.com/en/105620654/-offer-for-eus.aspx) during the course of the Transaction:

- 12.1.1 the irrevocable undertakings and letter of intent referred to in paragraphs 9.1 and 9.2 of this Part 5;
- 12.1.2 the Confidentiality Agreement and Clean Team Agreement referred to in paragraph 8 of this Part 5;
- 12.1.3 the EU Supply Articles;
- 12.1.4 a draft of the EU Supply Articles as proposed to be amended by the Resolution;
- 12.1.5 the articles of association of Mercell;
- 12.1.6 the audited consolidated accounts of EU Supply referred to in Part A of Part 4 of this document;
- 12.1.7 the audited consolidated accounts of Mercell referred to in Part B of Part 4 of this document;
- 12.1.8 the letters of consent referred to in paragraphs 11.1 and 11.2 of this Part 5; and
- 12.1.9 a copy of this document and the Forms of Proxy.

7 June 2019

**PART 6**

**THE SCHEME OF ARRANGEMENT**

CR-2019-003095

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

**IN THE MATTER OF EU SUPPLY PLC**

**- and -**

**IN THE MATTER OF THE COMPANIES ACT 2006**

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**SCHEME OF ARRANGEMENT**

*(under Part 26 of the Companies Act 2006)*

**between**

**EU SUPPLY PLC**

**and**

**THE SCHEME SHAREHOLDERS**

*(as hereinafter defined)*

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**PRELIMINARY**

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

<b>“£”, “pence” or “pounds sterling”</b>	the lawful currency of the United Kingdom;
<b>“Announcement Date”</b>	10 May 2019;
<b>“Business Day”</b>	a day (other than Saturdays, Sundays and public holidays) on which banks are open for business in London;
<b>“certificated” or “in certificated form”</b>	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);
<b>“Companies Act”</b>	the Companies Act 2006, as amended from time to time;
<b>“Company”</b>	EU Supply plc, a public limited company incorporated in England and Wales with registered number 08513444;

<b>“Court”</b>	the High Court of Justice in England and Wales;
<b>“Court Meeting”</b>	the meeting(s) of the Scheme Shareholders to be convened at the direction of the Court pursuant to Part 26 of the Companies Act, notice of which is set out in Part 9 of this document, for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment), including any adjournment, postponement or reconvention thereof, to be held at the offices of Haysmacintyre, 10 Queen Street, London, EC4R 1AG at 12.00 p.m. on 2 July 2019;
<b>“CREST”</b>	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 and transferred in uncertificated form;
<b>“Effective Date”</b>	means the date on which this Scheme becomes effective in accordance with its terms;
<b>“EU Supply”</b>	EU Supply PLC a public limited company incorporated in England and Wales with company number 08513444;
<b>“EU Supply Shareholders”</b>	holders of EU Supply Shares from time to time;
<b>“EU Supply Shares”</b>	the ordinary shares of 0.1 pence each in the share capital of EU Supply;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registered number 2878738;
<b>“Excluded Shares”</b>	any EU Supply Shares which are registered in the name of or are beneficially owned by Mercell or its nominee(s) or any subsidiary undertaking of Mercell or its nominee(s);
<b>“holder”</b>	a registered holder and includes any person entitled by transmission;
<b>“Last Practicable Date”</b>	6 June 2019 (being the last Business Day prior to the date of the Scheme Document);
<b>“members”</b>	members of the Company on the register of members at any relevant date or time;
<b>“Mercell”</b>	Mercell Holding AS, a company incorporated in Norway with business ID 980 921 565;
<b>“Mercell Group”</b>	Mercell and any undertaking which is a subsidiary undertaking of Mercell from time to time and, where the context admits, any of them;
<b>“Offer Price”</b>	18.25 pence per Scheme Share;
<b>“Panel”</b>	means the UK Panel on Takeovers and Mergers;
<b>“Registrar of Companies”</b>	means the Registrar of Companies in England and Wales;
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended from time to time;
<b>“Scheme”</b>	this scheme of arrangement in its present form or with or subject to any modification, addition or condition which EU Supply and Mercell may agree in writing and, if required, the Court may approve or impose;

<b>“Scheme Document”</b>	the document dated 7 June 2019 sent to EU Supply Shareholders, containing, among other things, this Scheme and the notice convening the Court Meeting;
<b>“Scheme Record Time”</b>	6.00 p.m. on the Business Day immediately prior to the Effective Date;
<b>“Scheme Shareholders”</b>	the holders of Scheme Shares at any relevant date or time;
<b>“Scheme Shares”</b>	all EU Supply Shares: (a) in issue at the date of this Scheme; (b) (if any) issued after the date of this Scheme 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 holders 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 Scheme 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 Scheme to “Scheme Shares” or “Scheme Shareholders” any Excluded Shares in issue at the Scheme Record Time;
<b>“Subsequent Dividend”</b>	any dividend or other distribution or return of capital which is proposed, declared, made, paid or becomes payable by EU Supply in respect of EU Supply Shares to EU Supply Shareholders on or after the Announcement Date and prior to the Effective Date;
<b>“subsidiary” and “subsidiary undertaking”</b>	have the respective meanings given by the Companies Act;
<b>“Takeover Code”</b>	the UK City Code on Takeovers and Mergers, as amended from time to time;
<b>“uncertificated” or “in uncertificated form”</b>	a share or other security recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST; and
<b>“Voting Record Time”</b>	6.00 p.m. on 28 June 2019 or, if the Court Meeting is adjourned, 6.00 p.m. on a day which is not more than 48 hours before the time set for the adjourned meeting (excluding any part of a day that is not a working day).

References to Clauses are to Clauses of this Scheme, and references to time are to London time.

- (B) The issued share capital of the Company as at the close of business on the Last Practicable Date was £71,716.41 divided into 71,716,406 EU Supply Shares, all of which were credited as fully paid and none of which were held in treasury.
- (C) Merzell was incorporated on 8 May 1999.
- (D) As at the close of business on the Last Practicable Date, no EU Supply Shares were registered in the name of or beneficially owned by Merzell or any other member of the Merzell Group.
- (E) Merzell has agreed to appear by counsel at the hearing to sanction this Scheme and to undertake to the Court to be bound by this Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

## THE SCHEME

### 1. Transfer of the Scheme Shares

- 1.1 Upon and with effect from the Effective Date, Mercell and/or its nominee(s) shall acquire all of the Scheme Shares with full title guarantee, fully paid and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights attaching or accruing to them on or after the Announcement Date, including (without limitation) voting rights and the right to receive and retain, in full, all dividends and other distributions (if any), and any other return of capital (whether by way of reduction of share capital or share premium account or otherwise), declared, made or paid on or after the Announcement Date in respect of the Scheme Shares.
- 1.2 For the purposes of such acquisition, the Scheme Shares shall be transferred from the Scheme Shareholders to Mercell and/or its nominee(s) by means of a form of transfer or other instrument or instruction of transfer, or by means of CREST and, to give effect to such transfers, any person may be appointed by Mercell as attorney and/or agent and/or otherwise and is hereby authorised as such attorney and/or agent and/or otherwise on behalf of the relevant Scheme Shareholder to execute and deliver as transferor an instrument of transfer of, or give any instructions to transfer (by deed or otherwise), or to procure the transfer by means of CREST of, any Scheme Shares and every instrument or instruction of transfer so executed or instruction given shall be effective as if it had been executed or given by the holder or holders of the Scheme Shares thereby transferred. Such instrument or instruction of transfer shall be deemed to be the principal instrument of transfer and the equitable or beneficial interest in the Scheme Shares shall only be transferred to Mercell and/or its nominee(s), together with the legal interest in such Scheme Shares, pursuant to such instruction or instrument of transfer, or by means of CREST.
- 1.3 Pending the registration of Mercell or its nominee(s) as the holder of any Scheme Shares pursuant to Clause 1.2 above, each Scheme Shareholder irrevocably appoints Mercell as his attorney and/or agent and/or otherwise to exercise (in place of and to the exclusion of the relevant Scheme Shareholder) any voting rights attached to the Scheme Shares and any or all rights and privileges attaching to the Scheme Shares, to sign any consent to short notice of a general meeting or separate class meeting and on their behalf to execute a form of proxy in respect of such Scheme Shares appointing any person nominated by Mercell to attend a general and separate class meeting of the Company and authorise the Company to send to Mercell or its nominee(s) any notice, circular, warrant or other document or communications which may be required to be sent to them as a member of the Company, such that from the Effective Date, no Scheme Shareholder shall be entitled to exercise any voting rights attached to the Scheme Shares or any other rights or privileges attaching to the Scheme Shares.
- 1.4 The authority granted pursuant to Clause 1.2 and Clause 1.3 shall be treated for all purposes as having been granted by deed.
- 1.5 The Company shall register, or procure the registration of, any transfer(s) of Scheme Shares effected in accordance with Clause 1.1 and Clause 1.2.

### 2. Consideration for the transfer of the Scheme Shares

- 2.1 In consideration for the transfer of the Scheme Shares, Mercell shall (subject to the remaining provisions of this Clause 2) pay, or procure that there shall be paid, to or for the account of the Scheme Shareholders (as appearing in the register of members of the Company at the Scheme Record Time):

#### **For each Scheme Share 18.25 pence in cash**

- 2.2 If any Subsequent Dividend occurs, Mercell shall be entitled to reduce the amount of consideration for each Scheme Share by an amount equal to such Subsequent Dividend.
- 2.3 If Mercell exercises its right to reduce the Offer Price by all or part of the amount of a Subsequent Dividend that has not been paid, EU Supply Shareholders will be entitled to receive and retain that Subsequent Dividend.



### **3. Settlement of consideration**

- 3.1 As soon as practicable on or after the Effective Date, and in any event no later than 14 days after the Effective Date, Mercell shall satisfy the consideration due to Scheme Shareholders pursuant to Clause 2 as follows:
- 3.1.1 in the case of Scheme Shares which at the Scheme Record Time are in certificated form, procure the despatch to the persons entitled thereto in accordance with the provision of Clause 3.2 of cheques drawn on a branch of a UK clearing bank for the sums payable to them respectively; and
- 3.1.2 in the case of Scheme Shares which at the Scheme Record Time are in uncertificated form, procure that Euroclear is instructed to create an assured payment obligation in favour of the payment bank of the persons entitled thereto in accordance with the CREST assured payment arrangements for the sums payable to them respectively, provided that Mercell reserves the right to make payment of the said sums by cheque as set out in Clause 3.1.1 if, for any reason, it wishes to do so.
- 3.2 All deliveries of cheques pursuant to this Scheme shall be effected by sending the same by first class post (or international standard post, if overseas) in envelopes addressed to the persons entitled thereto at their respective addresses as appearing in the register of members of the Company at the Scheme Record Time, and none of Mercell, the Company or their respective nominees or agents shall be responsible for any loss or delay in the transmission or delivery of any cheques sent in accordance with this Clause 3.2 which shall be sent at the risk of the persons entitled thereto.
- 3.3 All cheques shall be made payable to the persons respectively entitled to the moneys represented thereby (except that, in the case of joint holders, Mercell reserves the right to make such cheques payable to that one of the joint holders whose name stands first in the register of members of the Company in respect of such joint holding), and the encashment of any such cheque shall be a complete discharge to Mercell for the moneys represented thereby.
- 3.4 In respect of payments made through CREST, Mercell shall procure that an assured payment is created in accordance with the CREST assured payment arrangements. The creation of such an assured payment obligation shall be a complete discharge of Mercell's obligation under the Scheme with reference to payments to be made through CREST.
- 3.5 Settlement of the consideration payable to Scheme Shareholders under this Scheme shall, except with the consent of the Panel, be implemented in full without regard to any lien, right of set-off, counterclaim or other analogous right to which Mercell may otherwise be, or claim to be, entitled against such Scheme Shareholder.
- 3.6 The provisions of this Clause 3 shall be subject to any condition or prohibition imposed by law.

### **4. Share certificates and transfer of entitlements**

With effect from and including the Effective Date:

- 4.1 all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every Scheme Shareholder shall be bound at the request of the Company to deliver up their share certificate(s) to the Company or to destroy the same;
- 4.2 Euroclear shall be instructed to cancel or transfer the entitlements to Scheme Shares of Scheme Shareholders in uncertificated form; and
- 4.3 on or as soon as is reasonable practicable after the Effective Date and subject to the completion of such transfer forms, instruments or instructions as may be required in accordance with Clause 1.2 and the payment of any stamp duty thereon, the Company shall make or procure that the relevant person makes appropriate entries in the register of members of the Company to reflect the transfer of the Scheme Shares to Mercell and/or its nominees and the Company shall comply with its obligation in Clause 1.5 in this respect. Any such transfer form, instrument or instruction which is in writing and which constitutes an instrument or transfer shall be deemed to be the principal instrument.

## **5. Mandates**

All mandates and other instructions to the Company in force at the Scheme Record Time relating to Scheme Shares shall cease to be valid and effective on the Effective Date.

## **6. Effective Date**

6.1 This Scheme shall become effective as soon as a copy of the order of the Court sanctioning this Scheme under section 899 of the Companies Act shall have been delivered to the Registrar of Companies.

6.2 Unless this Scheme shall have become effective on or before 30 November 2019, or such later date, if any, as the Company and Mercell may agree in writing and the Court may allow, this Scheme shall not become effective.

## **7. Modification**

The Company and Mercell may jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose.

## **8. Governing Law**

This Scheme is governed by the laws of England and Wales and is subject to the jurisdiction of the English courts. The rules of the Takeover Code apply to this Scheme.

Dated 7 June 2019

## PART 7

### UNITED KINGDOM TAXATION

The following is a general guide to certain limited aspects of the UK tax treatment of the Scheme and does not purport to be a complete analysis of all the potential UK tax considerations relating thereto. The comments set out below do not constitute tax advice and are based on current United Kingdom tax law as applied in England and Wales and HMRC's published practice (which may not be binding on HMRC) as at the date of this document, both of which are subject to change, possibly with retrospective effect.

The statements below are intended only for Scheme Shareholders who (a) are resident for tax purposes in the United Kingdom at all relevant times and, in the case of individuals, to whom "split year" treatment does not apply and who are domiciled for tax purposes only in the United Kingdom; (b) hold their EU Supply Shares as an investment (other than under a pension arrangement or an ISA or a Lifetime ISA); and (c) are the absolute beneficial owners thereof ("UK Holders").

Certain categories of shareholders, including those carrying on certain financial activities (including market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services), those subject to specific tax regimes or benefiting from certain reliefs and exemptions, those connected with EU Supply or Mercell, and those for whom the shares are employment-related securities may be subject to special rules and this summary does not apply to such shareholders.

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

#### 1. UK taxation of chargeable gains

The transfer of Scheme Shares will be treated as a disposal of the UK Holder's Scheme Shares for the purposes of the UK taxation on chargeable gains ("UK CGT"). That disposal may, depending upon the UK Holder's circumstances (including the availability of exemptions, reliefs or allowable losses), give rise to a chargeable gain or an allowable loss for UK CGT purposes.

##### *Individual Scheme Shareholders*

Individual UK Holders will be subject to capital gains tax at the rate of 10 per cent. to the extent that the total chargeable gains and taxable income for the year (after allowable deductions) is less than the upper limit of the income tax basic rate band (for the 2019/2020 tax year). To the extent that chargeable gains arising in a tax year exceed the upper limit of the basic rate band when aggregated with taxable income, then capital gains tax will be chargeable at 20 per cent. on the amount of that excess (for the 2019/2020 tax year).

An annual tax-free allowance for UK capital gains tax (£12,000 for the 2019/2020 tax year) may be available to individual UK Holders to offset against chargeable gains realised on the disposal of their Scheme Shares.

##### *Scheme Shareholders within the charge to UK corporation tax*

Chargeable gains arising on a disposal of Scheme Shares by a UK Holder within the charge to UK corporation tax will be subject to corporation tax on chargeable gains at 19 per cent., subject to any available allowances, reliefs or exemptions.

For UK Holders within the charge to UK corporation tax, an indexation allowance may be available to reduce the amount of chargeable gain that is subject to UK corporation tax but may not create or increase any allowable loss. The Finance Act 2018 introduced legislation so that when a company makes a capital gain on or after 1 January 2018, the indexation allowance that is applied in order to determine the amount of the chargeable gain will be calculated only up to 31 December 2017.

#### 2. UK stamp duty and Stamp Duty Reserve Tax ("SDRT")

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

## PART 8

### DEFINITIONS

The following definitions apply throughout this document, other than in Part 6 of this document and the notices of the Shareholder Meetings, unless the context requires otherwise.

<b>“£”, “pence” or “pounds sterling”</b>	the lawful currency of the United Kingdom;
<b>“AIM”</b>	the alternative investment market operated by the London Stock Exchange;
<b>“AIM Rules”</b>	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;
<b>“Announcement”</b>	the announcement of the Transaction by Mercell under Rule 2.7 of the Takeover Code, including its summary and appendices, released on the Announcement Date;
<b>“Announcement Date”</b>	10 May 2019;
<b>“Authorisations”</b>	any and all authorisations, orders, recognitions, grants, determinations, consents, clearances, confirmations, certificates, licences, permissions, exemptions or approvals;
<b>“Board”</b>	in relation to Mercell or EU Supply, the board of directors of the relevant company as at the date of this document;
<b>“Business Day”</b>	a day (other than Saturdays, Sundays and public holidays) on which banks are open for business in London;
<b>“certificated” or “in certificated form”</b>	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);
<b>“Clean Team Agreement”</b>	means the clean team agreement entered into between Mercell and EU Supply dated 9 April 2019;
<b>“Closing Price”</b>	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;
<b>“Companies Act”</b>	the Companies Act 2006, as amended from time to time;
<b>“Completion”</b>	means the day on which the Transaction becomes Effective;
<b>“Conditions”</b>	the conditions to the Transaction and the Scheme, as set out in Part 3 of this document and <b>Condition</b> means such one or more of these as the context may require;
<b>“Confidentiality Agreement”</b>	means the confidentiality agreement entered into between Mercell and EU Supply on 12 February 2019;
<b>“connected person” or “persons connected”</b>	in relation to person A, any person whose interests in shares person A is taken to be interested pursuant to Part 22 of the Companies Act and related regulations;
<b>“Court”</b>	the High Court of Justice in England and Wales;

<b>“Court Hearing”</b>	the hearing of the Court to sanction the Scheme under Part 26 of the Companies Act and if such hearing is adjourned reference to commencement of any such hearing shall mean the commencement of the final adjournment thereof;
<b>“Court Meeting”</b>	the meeting(s) of the Scheme Shareholders to be convened at the direction of the Court pursuant to Part 26 of the Companies Act, notice of which is set out in Part 9 of this document, for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment), including any adjournment, postponement or reconvention thereof, to be held at the offices of haysmcintyre, 10 Queen Street, London, EC4R 1AG at 12.00 p.m. on 2 July 2019;
<b>“Court Order”</b>	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act;
<b>“CREST”</b>	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);
<b>“CREST Manual”</b>	the rules governing the operation of CREST, consisting of the CREST Reference Manual, the CREST International Manual, the CREST Rules, the Registrars Service Standards, the Settlement Discipline Rules, the CCSS Operations Manual, the Daily Timetable, the CREST Application Procedure and the CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996);
<b>“CREST Proxy Instruction”</b>	a proxy appointment or instruction made using the CREST service, by way of the appropriate CREST message, which must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual;
<b>“Daily Official List”</b>	the publication of official quotations for all securities traded on the London Stock Exchange;
<b>“Dealing Disclosure”</b>	has the meaning given by Rule 8 of the Takeover Code;
<b>“Disclosed”</b>	means information which has been fairly disclosed (a) by, or on behalf of, EU Supply to Merzell in a data room established for the purpose of the Transaction; (b) in the EU Supply Annual Report and Accounts (c) in the Announcement or (d) in any other public announcement made by EU Supply after 31 December 2018 and prior to the Announcement Date in accordance with Market Abuse Regulation (Regulation (EU) 596/2014), the AIM Rules or the Disclosure Guidance and Transparency Rules;
<b>“Effective”</b>	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;
<b>“Effective Date”</b>	means the date on which the Transaction becomes Effective (being, if the Transaction is implemented by way of this Scheme, the date on which a copy of the Court Order is delivered to the Registrar of Companies);

<b>“Enlarged Group”</b>	the Mercell Group as enlarged by the EU Supply Group following Completion;
<b>“EU Supply”</b> or the <b>“Company”</b>	EU Supply PLC a public limited company incorporated in England and Wales with company number 08513444;
<b>“EU Supply Articles”</b>	the articles of EU Supply, as amended from time to time;
<b>“EU Supply Annual Report and Accounts”</b>	the annual report and consolidated financial statements of EU Supply for the year ended 31 December 2018;
<b>“EU Supply Convertible Loan Noteholders”</b>	the holders of EU Supply Convertible Loan Notes from time to time;
<b>“EU Supply Convertible Loan Notes”</b>	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;
<b>“EU Supply Directors”</b>	the directors of EU Supply whose names are set out in paragraph 2.1 of Part 5 of this document and <b>“EU Supply Director”</b> shall mean any one of them;
<b>“EU Supply Group”</b>	EU Supply and its subsidiary undertakings and, where the context permits, each of them;
<b>“EU Supply Shareholders”</b>	holders of EU Supply Shares from time to time;
<b>“EU Supply Shares”</b>	means the ordinary shares of 0.1 pence each in the share capital of EU Supply;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, a company incorporated in England & Wales with registered number 2878738;
<b>“Excluded Shares”</b>	any EU Supply Shares which are registered in the name of or are beneficially owned by Mercell or its nominee(s) or any subsidiary undertaking of Mercell or its nominee(s);
<b>“Financial Conduct Authority”</b>	the UK Financial Conduct Authority or its successor from time to time;
<b>“Forms of Proxy”</b>	the WHITE form of proxy for use by Scheme Shareholders in connection with the Court Meeting and the YELLOW form of proxy for use by EU Supply Shareholders in connection with the General Meeting, both of which accompany this document;
<b>“General Meeting”</b>	the general meeting of EU Supply (and any adjournment, postponement or reconvention thereof) to be convened in connection with the Scheme, notice of which is set out in Part 10 of this document, for the purpose of considering and, if thought fit, passing the Resolution to be held at the offices of haysmcintyre, 10 Queen Street, London, EC4R 1AG at 12.15 p.m. on 2 July 2019 (or as soon thereafter as the Court Meeting is concluded or adjourned);
<b>“holder”</b>	a registered holder and includes any person entitled by transmission;
<b>“Last Practicable Date”</b>	means 6 June 2019 (being the last Business Day prior to the date of this document);
<b>“Liberum”</b>	Liberum Capital Limited;



<b>“London Stock Exchange”</b>	London Stock Exchange plc, a public limited company incorporated in England and Wales with registered number 2075721, or its successor;
<b>“Long Stop Date”</b>	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);
<b>“Mercell”</b>	Mercell Holding AS, a company incorporated in Norway with business ID 980 921 565;
<b>“Mercell Directors”</b>	the directors of Mercell whose names are set out in paragraph 2.2 of Part 5 of this document and <b>“Mercell Director”</b> shall mean any one of them;
<b>“Mercell Group”</b>	Mercell and any undertaking which is a subsidiary undertaking of Mercell from time to time and, where the context admits, any of them;
<b>“Neville Registrars”</b>	Neville Registrars Limited of Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD, being EU Supply’s registrars;
<b>“Offer Period”</b>	the offer period (as defined by the Takeover Code) relating to EU Supply which commenced on 10 May 2019;
<b>“Offer Price”</b>	the consideration payable for each EU Supply Share under the Transaction being 18.25 pence in cash;
<b>“Opening Position Disclosure”</b>	has the meaning given by Rule 8 of the Takeover Code;
<b>“Overseas Shareholders”</b>	EU Supply Shareholders (or nominees of, custodians or trustees for EU Supply Shareholders) not resident in, or nationals or citizens of the United Kingdom;
<b>“Panel” or “Takeover Panel”</b>	the UK Panel on Takeovers and Mergers;
<b>“Registrar of Companies”</b>	the Registrar of Companies in England and Wales;
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001, as amended from time to time;
<b>“Regulatory Information Service”</b>	a regulatory information service as defined in the Financial Conduct Authority’s Handbook or rules and guidance as amended from time to time;
<b>“Relevant Pension Plan”</b>	has the meaning given to this term in paragraph (2)(c)(ix)(A) of Part A of Part 3 of this document;
<b>“Resolution”</b>	means the resolution to be proposed by EU Supply at the 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 and re-register EU Supply as a private limited company conditional on the Scheme becoming Effective and the cancellation of the admission to trading on AIM of the EU Supply Shares, as set out in the notice of General Meeting set out in Part 10 of this document;

<b>“Restricted Jurisdiction”</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Transaction is sent or made available to EU Supply Shareholders in that jurisdiction;
<b>“Scheme”</b>	the scheme of arrangement between EU Supply and the Scheme Shareholders under Part 26 of the Companies Act 2006 to effect the Transaction, the full terms of which are set out in Part 6 of this document, with or subject to any modification, addition or condition which EU Supply or Merzell may agree in writing and, if required, the Court may approve or impose;
<b>“Scheme Document”</b>	this document dated 7 June 2019 sent by EU Supply to EU Supply Shareholders containing, amongst other things, the Scheme and the notices convening the Shareholder Meetings;
<b>“Scheme Record Time”</b>	6.00 p.m. on the Business Day immediately prior to the Effective Date;
<b>“Scheme Shareholders”</b>	the holders of Scheme Shares at any relevant date or time;
<b>“Scheme Shares”</b>	all EU Supply Shares: (a) in issue at the date of this document; (b) (if any) issued after the date of this document but on or before the Voting Record Time in respect of the Court Meeting; and (c) (if any) issued after the Voting Record Time in respect of the Court Meeting and on or before the Scheme Record Time on terms that the holder or any subsequent holders 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 document to “Scheme Shares” or “Scheme Shareholders” in relation to voting at the Court Meeting any Excluded Shares in issue at the Voting Record Time in respect of the Court Meeting and any Scheme Shares referred to in (c) above and (ii) in the case of other references in this document to “Scheme Shares” or “Scheme Shareholders” any Excluded Shares in issue at the Scheme Record Time;
<b>“Shareholder Meetings”</b>	the General Meeting and the Court Meeting;
<b>“Stockdale Securities”</b>	Stockdale Securities Limited;
<b>“Subsequent Dividend”</b>	any dividend or other distribution or return of capital which is proposed, declared, made, paid or becomes payable by EU Supply in respect of EU Supply Shares to EU Supply Shareholder on or after the Announcement Date and prior to the Effective Date;
<b>“Substantial Interest”</b>	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of the total voting rights conferred by the equity share capital (as defined in Section 548 of the Companies Act) of such undertaking;
<b>“Takeover Code”</b>	the UK City Code on Takeovers and Mergers, as amended from time to time;
<b>“Takeover Offer”</b>	if (subject to the consent of the Panel) Merzell elects to effect the Transaction by means 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 Merzell 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;

<b>“Takeover Offer Consent”</b>	the consent of the Panel and (provided that no third party has made an announcement of a firm intention to make an offer under Rule 2.7 of the Takeover Code);
<b>“Third Party”</b>	any central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, authority (including any national or supranational anti-trust or merger control authority), court, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any jurisdiction, including, for the avoidance of doubt, the Panel;
<b>“Transaction”</b>	the recommended cash offer by Mercell to acquire the entire issued and to be issued share capital of EU Supply (other than any Excluded Shares) to be implemented by means of the Scheme or (should Mercell so elect, subject to the consent of the Panel) by means of a Takeover Offer on the terms and subject to the Conditions set out in Part 3 of this document and Forms of Proxy and, in either case, where the context admits any subsequent variation, revision, extension or renewal thereof;
<b>“uncertificated” or “in uncertified form”</b>	a share or other security recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST;
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“United States of America”, “United States” or “US”</b>	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
<b>“US Exchange Act”</b>	the US Securities and Exchange Act, 1934 and the rules and regulations promulgated thereunder, as amended;
<b>“VAT”</b>	value added tax as provided for in the Value Added Tax 1994 and any other tax of a similar nature;
<b>“Voting Record Time”</b>	6.00 p.m. on 28 June 2019 or, if either of the Shareholder Meetings is adjourned, 6.00 p.m. on a day which is not more than 48 hours before the time set for the relevant adjourned meeting (excluding any part of a day that is not a working day);
<b>“Wider EU Supply Group”</b>	EU Supply, its subsidiary undertakings, associated undertakings and any other undertakings in which that company and such undertakings (aggregating their interests) have a Substantial Interest; and
<b>“Wider Mercell Group”</b>	Mercell its subsidiary undertakings, associated undertakings and any other undertakings in which that company and such undertakings (aggregating their interests) have a Substantial Interest.

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

References to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of this document.

All the times referred to in this document are London times unless otherwise stated. References to the singular include the plural and vice versa.

## PART 9

### NOTICE OF COURT MEETING

CR-2019-003095

**IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
COMPANIES COURT (CHD)  
ICC JUDGE PRENTIS**

#### IN THE MATTER OF EU SUPPLY PLC

- and -

#### IN THE MATTER OF THE COMPANIES ACT 2006

**NOTICE IS HEREBY GIVEN** that by an order dated 6 June 2019 made in the above matters (the “**Order**”) the Court has given permission for a meeting to be convened of the Scheme Shareholders (as defined in the Scheme referred to below), for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 proposed to be made between EU Supply plc (the “**Company**”) and the Scheme Shareholders (the “**Scheme**”), and that such meeting shall be held at the offices of haysmccintyre, 10 Queen Street, London, EC4R 1AG on 2 July 2019 at 12.00 p.m., at which place and time all Scheme Shareholders are requested to attend.

Voting on the resolution will be by poll which may be conducted as the chairman of the meeting shall determine. **A copy of the Scheme and a copy of the explanatory statement required to be furnished pursuant to Part 26 of the Companies Act 2006 are incorporated in the document of which this notice forms part.**

Scheme Shareholders entitled to attend and vote at the meeting may vote in person at the said meeting or they may appoint another person, as their proxy to attend and vote in their stead. A proxy need not be a member of the Company. A WHITE form of proxy for use at the meeting is enclosed with this notice. Completion of the form of proxy shall not prevent a Scheme Shareholder from attending and voting at the meeting.

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

Entitlement to attend and vote at the meeting or any adjournment thereof and the number of votes which may be cast thereat shall be determined by reference to the register of members of the Company at 6.00 p.m. on 28 June 2019 or, if the meeting is adjourned, 6.00 p.m. on a day which is not more than 48 hours (excluding any part of a day that is not a working day) before the time set for the adjourned meeting. In each case, changes to the register of members of the Company after such time shall be disregarded.

By the said Order, the Court has appointed Thomas Beergrehn or, failing him, Steffen Karlsson or, failing him, any other director of the Company, to act as chairman of the meeting and has directed the chairman to report the result of the meeting to the Court.

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

**PDT Solicitors LLP**  
*Solicitors for the Company*

Dated: 7 June 2019

*Further notes:*

- (1) A WHITE form of proxy is enclosed with this notice. Instructions for use are shown on the form. Completing and returning a form of proxy will not prevent the shareholder from attending and voting at the meeting (or any adjournment of the meeting) in person, should he subsequently decide to do so.
- (2) It is requested that WHITE forms of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be received by Neville Registrars at Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD not less than 48 hours (excluding any part of a day that is not a working day) before the time of the meeting (in other words, by 12.00 p.m. on 28 June 2019) or, as the case may be, the adjourned meeting. A reply-paid envelope has been provided for this purpose for use in the United Kingdom only. Forms of proxy not returned by that time may be handed to a representative of Neville Registrars or the Chairman of the Court Meeting at the Court Meeting before the taking of the poll and will still be valid.
- (3) You may appoint more than one proxy provided that each proxy is appointed to exercise rights attaching to different shares.
- (4) If you wish to appoint multiple proxies, you may: (a) photocopy a WHITE form of proxy, fill in each copy in respect of different shares and send the multiple forms together to: Neville Registrars, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD, or alternatively (b) call Neville Registrars on the number in paragraph 20 below who will then issue you with multiple proxy forms. In each case, please ensure that all of the multiple proxy forms in respect of one registered holding are sent in the same envelope if possible.
- (5) Subject to the following principles where more than one proxy is appointed, where a WHITE form of proxy does not state the number of shares to which it applies (a "blank proxy") then that proxy is deemed to have been appointed in relation to the total number of shares registered in your name (the "member's entire holding"). In the event of a conflict between a blank proxy and a proxy which does state the number of shares to which it applies (a "specific proxy"), the specific proxy shall be counted first, regardless of the time it was sent or received (on the basis that as far as possible, the conflicting forms of proxy should be judged to be in respect of different shares) and remaining shares will be apportioned to the blank proxy (*pro rata* if there is more than one).
- (6) Where there is more than one proxy appointed and the total number of shares in respect of which proxies are appointed is no greater than your entire holding, it is assumed that proxies are appointed in relation to different shares, rather than that conflicting appointments have been made in relation to the same shares.
- (7) If two or more valid but different instruments of proxy are received in respect of the same share for use at the same meeting or on the same poll, only the appointment bearing the last date shall be valid. When two or more valid but different instruments of proxy are received in respect of the same share for use at the same meeting or on the same poll bearing the same date, the one which is last received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that share and if the Company is unable to determine which was the last received, none of them shall be treated as valid in respect of that share.
- (8) If conflicting proxies are sent or received at the same time in respect of (or deemed to be in respect of) your entire holding, none of them shall be treated as valid.
- (9) Where the aggregate number of shares in respect of which proxies are appointed exceeds your entire holding and it is not possible to determine the order in which they were sent or received (or they were all sent or received at the same time), the number of votes attributed to each proxy will be reduced *pro rata* (on the basis that as far as possible, conflicting forms of proxy should be judged to be in respect of different shares).
- (10) Where the application of paragraph 9 above gives rise to fractions of shares, such fractions will be rounded down.
- (11) If you appoint a proxy or proxies and then decide to attend the meeting in person and vote using your poll card, then your vote in person will override the proxy vote(s). If your vote in person is in respect of your entire holding then all proxy votes will be disregarded. If, however, you vote at the meeting in respect of less than your entire holding, if you indicate on your polling card that all proxies are to be disregarded, that shall be the case; but if you do not specifically revoke proxies, then your vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding your entire holding.
- (12) In relation to paragraph 11 above, in the event that you do not specifically revoke proxies, it will not be possible for the Company to determine your intentions in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.
- (13) Entitlement to attend and vote at the meeting or any adjournment thereof and the number of votes which may be cast thereat shall be determined by reference to the register of members of the Company at 6.00 p.m. on 28 June 2019 or, if the meeting is adjourned, 6.00 p.m. on a day which is not more than 48 hours (excluding any part of a day that is not a working day) before the time set for the adjourned meeting. In each case, changes to the register of members of the Company after such time shall be disregarded.
- (14) Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the meeting or any adjournment(s) by using the CREST electronic proxy appointment service may do so in accordance with the procedures set out in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (15) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The appointment must, in order to be valid, be transmitted so as to be received by Neville Registrars (CREST Participant ID 7RA11) at least 48 hours

(excluding any part of a day that is not a working day) prior to the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which Neville Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

- (16) CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (17) As an alternative to completing a hard copy Form of Proxy, you can appoint a proxy electronically online at [www.sharegateway.co.uk](http://www.sharegateway.co.uk) and completing the authentication requirements as set out on the Form of Proxy. For an electronic proxy appointment to be valid, your appointment must be received by Neville Registrars not less than 48 hours (excluding any part of a day that is not a working day) before the time of the meeting (in other words, by 12.00 p.m. on 28 June 2019) or, as the case may be, the adjourned meeting.
- (18) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (19) A shareholder which is a company (a corporation) and which wishes to be represented at the meeting by a person with authority to speak, vote on a show of hands and vote on a poll (a corporate representative) must appoint such a person by resolution of its directors. A corporate representative has the same powers on behalf of the corporation he/she represents as that corporation could exercise if it were an individual member of the Company.
- (20) If you are in any doubt about completing the WHITE form of proxy please telephone Neville Registrars on + 44 (0) 121 585 1131. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines will be open between 9.00 a.m. to 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Transaction nor give any financial, legal or tax advice.
- (21) Any question relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting.
- (22) You may alternatively submit your question in advance by way of a letter addressed to the Chairman.
- (23) Voting on the resolution at this meeting will be conducted on a poll rather than a show of hands.



## PART 10

### NOTICE OF GENERAL MEETING

#### EU SUPPLY PLC

*(Incorporated in England and Wales with registered number 08513444)*

NOTICE IS HEREBY GIVEN that a general meeting of EU Supply plc (the **"Company"**) shall be held at the offices of haysmcintyre, 10 Queen Street, London, EC4R 1AG on 2 July 2019 at 12.15 p.m. (or as soon thereafter as the Court Meeting has concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution, which shall be proposed as a special resolution (terms defined in the document of which this notice forms part shall have the same meaning in this notice unless otherwise expressly defined):

#### SPECIAL RESOLUTION

THAT:

1. for the purpose of giving effect to the scheme of arrangement dated 7 June 2019 (the **"Scheme"**) between the Company and the Scheme Shareholders, a copy of which has been produced to this meeting and for the purposes of identification signed by the Chairman of the Company, in its original form or subject to any modification, addition or condition agreed in writing by the Company and Mercell and approved or imposed by the Court, the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
2. with effect from the passing of this resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new article 126 after article 125:

#### "126 SCHEME OF ARRANGEMENT

- 126.1 In this Article, references to the "Scheme" are to the scheme of arrangement dated 7 June 2019 between the Company and the holders of Scheme Shares under Part 26 of the Companies Act 2006 in its original form or with or subject to any modification, addition or condition agreed by the Company and Mercell Holding AS (**"Mercell"**), which expression includes any other name which Mercell may adopt from time to time, and which the Court may approve or impose and (save as defined in this Article) expressions defined in the Scheme shall have the same meanings in this Article.
- 126.2 Notwithstanding any other provision of these Articles or the terms of any resolution whether ordinary or special passed by the Company in general meeting, if the Company issues any ordinary shares (other than to Mercell or its nominee(s)) on or after the adoption of this Article and on or prior to the Scheme Record Time, such shares shall be subject to the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holders of such shares shall be bound by the Scheme accordingly.
- 126.3 Notwithstanding any other provision of these Articles, if any ordinary shares are issued by the Company to any person after the Scheme Record Time other than to Mercell or its nominee(s) (the **"New Member"**), such New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder), provided the Scheme has become Effective, will be obliged to immediately transfer all the ordinary shares in the Company held by the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) (the **"Disposal Shares"**) to Mercell and/or its nominee(s) (as Mercell may direct) (the **"Purchaser"**) who shall be obliged to acquire all of the Disposal Shares. The consideration payable by the Purchaser shall be the consideration that would have been payable for Scheme Shares under the Scheme (as it may be amended or modified in accordance with its terms) if each Disposal Share were a Scheme Share.

- 126.4 On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation), the value of the consideration per Disposal Share to be paid under Article 126.3 shall be adjusted by the Directors and the directors of Mercell in such manner as an independent investment bank selected by the Company may determine to be fair and reasonable to the New Member to reflect such reorganisation or alteration. References in this Article to ordinary shares in the Company shall, following such adjustment, be construed accordingly.
- 126.5 To give effect to any transfer required by this Article 126, the Company may appoint any person as attorney or agent for the New Member to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) in favour of the Purchaser and do all such other things and execute and deliver all such documents as may in the opinion of the attorney or agent be necessary or desirable to vest the Disposal Shares in the Purchaser and pending such vesting to exercise all such rights to the Disposal Shares as the Purchaser may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that the agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Disposal Shares unless so agreed by the Purchaser. The attorney or agent shall be empowered to exercise and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) in favour of the Purchaser and the Company may give good receipt for the purchase price of the Disposal Shares and may register the Purchaser as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for any Disposal Shares.
- 126.6 Notwithstanding any other provision of these Articles, neither the Company nor the Directors shall register the transfer of any Scheme Shares effected between the Scheme Record Time and the Effective Date other than to Mercell or its nominee(s) pursuant to the Scheme.
- 126.7 If the Scheme is not Effective by 11.59 p.m. (London time) on the Long Stop Date (or such later date (if any) as the Company and Mercell may, with the consent of the Panel, agree and (if required) the Court may allow), this Article shall cease to be of any effect"; and
3. subject to and conditional on the Scheme becoming effective and the cancellation of the admission to trading of the EU Supply Shares on AIM, pursuant to the provisions of section 97 of the Companies Act 2006, the Company be re-registered as a private company under the name of "EU Supply Limited" with effect from the date approved by the Registrar of Companies.

By order of the EU Supply Directors  
Fredrik Wallmark  
Company Secretary

*Registered Office*  
10 Queen Street  
London  
EC4R 1AG

*Notes:*

- (1) Members of the Company entitled to attend and vote at the meeting may vote in person at the said meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead. A proxy need not be a member of the Company.
- (2) A YELLOW form of proxy is enclosed with this notice. Instructions for use are shown on the form. Completing and returning a form of proxy will not prevent the shareholder from attending and voting at the meeting (or any adjournment of the meeting) in person, should he subsequently decide to do so.
- (3) To be valid, a YELLOW form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be received at the offices of Neville Registrars at Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD not less than 48 hours (excluding any part of a day that is not a working day) before the time of the meeting (in other words, by 12.15 p.m. on 28 June 2019) or, as the case may be, the adjourned meeting. A reply-paid envelope has been provided for this purpose for use in the United Kingdom only.
- (4) You may appoint more than one proxy provided that each proxy is appointed to exercise rights attaching to different shares.

- (5) If you wish to appoint multiple proxies, you may: (a) photocopy a YELLOW form of proxy, fill in each copy in respect of different shares and send the multiple forms together to Neville Registrars, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD, or alternatively (b) call Neville Registrars on the number in paragraph 22 below who will then issue you with multiple proxy forms. In each case, please ensure that all of the multiple proxy forms in respect of one registered holding are sent in the same envelope if possible.
- (6) Subject to the following principles where more than one proxy is appointed, where a YELLOW form of proxy does not state the number of shares to which it applies (a "blank proxy") then that proxy is deemed to have been appointed in relation to the total number of shares registered in your name (the "member's entire holding"). In the event of a conflict between a blank proxy and YELLOW form of proxy which does state the number of shares to which it applies (a "specific proxy"), the specific proxy shall be counted first, regardless of the time it was sent or received (on the basis that as far as possible, the conflicting forms of proxy should be judged to be in respect of different shares) and remaining shares will be apportioned to the blank proxy (*pro rata* if there is more than one).
- (7) Where there is more than one proxy appointed and the total number of shares in respect of which proxies are appointed is no greater than your entire holding, it is assumed that proxies are appointed in relation to different shares, rather than that conflicting appointments have been made in relation to the same shares.
- (8) If two or more valid but different instruments of proxy are received in respect of the same share for use at the same meeting or on the same poll, only the appointment bearing the last date shall be valid. When two or more valid but different instruments of proxy are received in respect of the same share for use at the same meeting or on the same poll bearing the same date, the one which is last received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that share and if the Company is unable to determine which was the last received, none of them shall be treated as valid in respect of that share.
- (9) If conflicting proxies are sent or received at the same time in respect of (or deemed to be in respect of) your entire holding, none of them shall be treated as valid.
- (10) Where the aggregate number of shares in respect of which proxies are appointed exceeds your entire holding and it is not possible to determine the order in which they were sent or received (or they were all sent or received at the same time), the number of votes attributed to each proxy will be reduced *pro rata* (on the basis that as far as possible, conflicting forms of proxy should be judged to be in respect of different shares).
- (11) Where the application of paragraph 10 above gives rise to fractions of shares, such fractions will be rounded down.
- (12) If you appoint a proxy or proxies and then decide to attend the meeting in person and vote using your poll card, then your vote in person will override the proxy vote(s). If your vote in person is in respect of your entire holding then all proxy votes will be disregarded. If, however, you vote at the meeting in respect of less than your entire holding, if you indicate on your polling card that all proxies are to be disregarded, that shall be the case; but if you do not specifically revoke proxies, then your vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding your entire holding.
- (13) In relation to paragraph 12 above, in the event that you do not specifically revoke proxies, it will not be possible for the Company to determine your intentions in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.
- (14) Entitlement to attend and vote at the meeting or any adjournment thereof and the number of votes which may be cast thereat shall be determined by reference to the register of members of the Company at 6.00 p.m. on 28 June 2019 or, if the meeting is adjourned, 6.00 p.m. on a day which is not more than 48 hours (excluding any part of a day that is not a working day) before the date of such adjourned meeting. In each case, changes to the register of members of the Company after such time shall be disregarded.
- (15) Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the meeting or any adjournment(s) by using the CREST electronic proxy appointment service may do so in accordance with the procedures set out in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (16) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The appointment must, in order to be valid, be transmitted so as to be received by Neville Registrars (CREST Participant ID 7RA11) at least 48 hours (excluding any part of a day that is not a working day) prior to the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which Neville Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (17) CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

- (18) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (19) As an alternative to completing a hard copy Form of Proxy, you can appoint a proxy electronically online at [www.sharegateway.co.uk](http://www.sharegateway.co.uk) and completing the authentication requirements as set out on the Form of Proxy. For an electronic proxy appointment to be valid, your appointment must be received by Neville Registrars not less than 48 hours (excluding any part of a day that is not a working day) before the time of the meeting (in other words, by 12.00 p.m. on 28 June 2019) or, as the case may be, the adjourned meeting.
- (20) A shareholder which is a company (a corporation) and which wishes to be represented at the meeting by a person with authority to speak, vote on a show of hands and vote on a poll (a corporate representative) must appoint such a person by resolution of its directors. A corporate representative has the same powers on behalf of the corporation he/she represents as that corporation could exercise if it were an individual member of the Company.
- (21) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of other joint holders. For this purpose, seniority will be determined by the order in which the names stand in the Company's register of members in respect of the joint holding.
- (22) If you are in any doubt about completing the YELLOW form of proxy please telephone Neville Registrars. If you have any queries please contact Neville Registrars on + 44 (0)121 585 1131. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. to 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Transaction nor give any financial, legal or tax advice.
- (23) Any question relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. You may alternatively submit your question in advance by way of a letter addressed to the Chairman.

