

THIS DOCUMENT AND THE ACCOMPANYING LETTER OF INSTRUCTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from an independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

25 April 2023

To the holder of nil cost options under the ECSC Group plc Non-Executive Share Option Scheme (the ECSC Share Plan)

Dear Option holder

Recommended acquisition of ECSC Group PLC ('ECSC') by Daisy Corporate Services Trading Limited ('Daisy')

1 Introduction

- 1.1 On 31st March 2023, ECSC and Daisy announced that agreement had been reached on the terms of a recommended cash and share acquisition by which the entire issued and to be issued ordinary share capital of ECSC will be acquired by Daisy (the **Acquisition**).
- 1.2 The Acquisition will be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 (the **Scheme**). This requires the approval of ECSC Shareholders and the sanction of the Court, as described in more detail in the Announcement to ECSC Shareholders dated 31 March 2023 (the **Announcement**) and the Scheme Document, posted to you separately. The Announcement and Scheme Document can also be accessed at <https://investor.ecsc.co.uk>.
- 1.3 This letter provides information on the impact of the Acquisition on the outstanding options under the ECSC Share Plan (the **Option(s)**) and the proposal made to option holders by ECSC and Daisy (the **Option Exercise Proposal**) in relation to the Option(s).
- 1.4 You should read this letter in conjunction with the Announcement, Scheme Document and the enclosed letter of instruction (the **Letter of Instruction**) which provide a general summary of the Option Exercise Proposal and how this applies to Option(s) held by you. Your Option(s) remain subject to the rules and terms of the applicable ECSC Share Plan under which they were granted.
- 1.5 Words and expressions defined in the Announcement and Scheme Document have the same meaning in this letter, unless the context requires otherwise.

2 Summary of the terms of the Acquisition

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

54.02 pence in cash for each ECSC Share held

2.2 The terms of the Acquisition values ECSC entire issued and to be issued share capital at approximately £5.4 million.

2.3 It is expected that the Scheme Court Hearing to sanction the Scheme will be held on 20 June 2023 and that the Scheme will become Effective in accordance with its terms on 22 June 2023 (the **Effective Date**). The current timetable, which is subject to change, is set out in full in the Scheme Document.

3 Impact of the Acquisition on your Option(s)

3.1 The enclosed Letter of Instruction details the impact of the Acquisition on the Option(s) which you hold and how the Board has exercised its discretion under the terms of your Option.

3.2 You should pay careful attention to the information contained in the Letter of Instruction regarding what happens to your Option in the event you do not choose to exercise as your Option(s) will lapse and/or cease to be exercisable.

4 The Option Exercise Proposal

4.1 The Option Exercise Proposal in respect of the Option(s) is that you are invited to exercise your Option(s) in accordance with the details contained within the enclosed Letter of Instruction. If you exercise your Option(s), the exercise of your Option(s) will become effective on the Court sanction of the Acquisition. It is proposed that ECSC will process the exercise of your Option(s) and the issue of ECSC Shares to you by the Scheme Record Time. All ECSC Shares that you acquire on the exercise of your Option(s) will then be acquired by Daisy pursuant to the Acquisition.

4.2 As mentioned above the rules of the ECSC Share Plan (as amended where necessary) allow for a cashless exercise procedure and in the event you decide to exercise your Option(s) the exercise price payable and any income tax and employee Class 1 National Insurance contributions will be deducted from the cash proceeds payable to you for the sale of your ECSC Shares to Daisy or via sell to cover arrangements (as described in the Letter of Instruction).

4.3 What needs to happen for the Acquisition to go ahead?

4.4 The Acquisition will be carried out through what is called a "scheme of arrangement". The Scheme has to be approved by ECSC Shareholders at a Court Meeting and at a separate General Meeting (together the "**Meetings**"), which are due to be held on 24 May 2023. Once approved by ECSC Shareholders, the Scheme will only become Effective if approved by the Court.

4.5 The Scheme is subject to a number of Conditions which are set out in the Scheme Document. It is expected that the Scheme will become Effective on 22 June 2023 subject to the satisfaction or (where applicable) waiver of all the relevant Conditions.

4.6 Further information on the Scheme is set out in the Scheme Document which is available on the ECSC website at <https://investor.ecsc.co.uk> and on the Daisy at www.daisyuk.tech/offer-for-ecsc-group-plc/.

4.7 This notice and its Appendix should be read together with the Scheme Document. A brief explanation of some of the terms used in this notice is given in the Appendix. Terms that are not otherwise defined will have the same meaning as in the Scheme Document.

4.8 **What happens if the Scheme is not sanctioned by the Court?**

The exercise of Option(s) under the Option Exercise Proposal will only take effect on the Scheme being sanctioned by the Court. If the Court does not sanction the Scheme, your acceptance of the Option Exercise Proposal will not be effective and your Option(s) will remain in existence in the normal course under the terms of the ECSC Share Plan.

5 **Exercise and Settlement**

If you accept the Option Exercise Proposal as detailed in the Letter of Instruction in respect of your Option(s), you will receive ECSC Shares which will then be acquired by Daisy under the Acquisition. The cash consideration payable for your ECSC Shares will be paid to you (after deductions for the exercise price and any tax liability arising on exercise of your Option(s)) through payroll (or, if you are no longer employed by the ECSC Group, by cheque sent to the address to which this letter is sent and at your own risk).

6 **Taxation**

6.1 A brief summary of the tax implications of exercising an Option under the ECSC Share Plan is provided in the Letter of Instruction.

YOU SHOULD ALSO BE AWARE THAT IF YOU DO NOTHING ANY SUBSISTING OPTION WILL LAPSE (OR WHERE APPROPRIATE CEASE TO BE EXERCISABLE AND THEN SUBSEQUENTLY LAPSE) ON THE DATE THE SCHEME BECOMES EFFECTIVE. THEREFORE, BASED ON THE EXPECTED TIMETABLE, YOUR OPTION(S) WILL LAPSE (OR CEASE TO BE EXERCISABLE) ON 22 JUNE 2023 TO THE EXTENT UNEXERCISED AT THAT DATE. ONCE YOUR OPTION(S) HAVE LAPSED OR CEASED TO BE EXERCISABLE YOU WILL NOT BE ENTITLED TO ANY COMPENSATION IN RELATION TO THE LOSS OF OR RIGHTS IN RESPECT OF YOUR OPTION(S).

7 **Acceptance procedure**

7.1 **To accept the Option Exercise Proposal:**

- (a) **Complete and sign the enclosed documents; and**
- (b) **Return your signed enclosed documents as instructed therein as soon as possible and, in any event, so as to be received by no later than midday on 23 May 2023. No acknowledgement of receipt will be given by or on behalf of ECSC or Daisy.**

8 **Recommendation**

8.1 The directors of ECSC, who have been so advised by Allenby Capital Limited ("**Allenby**"), consider the terms of the Option Exercise Proposal as described in this letter and the Letter of Instruction to be fair and reasonable. In providing its advice, Allenby has taken into account the commercial assessments of the ECSC directors.

8.2 The directors of ECSC recommend that you should give careful consideration to the Option Exercise Proposal.

9 General

- 9.1 If you are in any doubt as to the action you should take in respect of your Option(s) you are recommended to seek your own independent financial or other appropriate professional advice immediately.
- 9.2 If you have any queries concerning this letter or the Letter of Instruction, you should contact Matthew Briggs at ECSC on [REDACTED] or at [REDACTED]
- 9.3 Please remember that we cannot provide you with any personal investment or tax advice.

Yours faithfully

[REDACTED]

ECSC Group plc

Yours faithfully

[REDACTED]

Daisy Corporate Services Trading Limited

NOTES:

These notes apply to both the letter and the Letter of Instruction (and documents enclosed with the same).

- 1 The directors of ECSC Group plc, whose names are set out in Appendix III of the Scheme Document, each accept responsibility for the information contained in this letter and the Letter of Instruction other than the information for which responsibility is taken by the directors of Daisy Corporate Services Trading Limited. To the best of the knowledge and belief of the directors of ECSC Group PLC (who have taken all reasonable care to ensure that such is the case) the information contained in this letter and Letter of Instruction for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 2 The directors of Daisy Corporate Services Trading Limited and the directors of Daisy Holdco Limited, whose names are set out in Appendix III of the Scheme Document, each accept responsibility for the information contained in this letter other than the information for which responsibility is taken by the directors of ECSC Group plc. To the best of the knowledge and belief of the directors of Daisy Corporate Services Trading Limited and the directors of Daisy Holdco Limited (who have taken all reasonable care to ensure that such is the case) the information contained in this letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 3 Allenby Capital Limited which is authorised and regulated by the FCA in the UK, is acting as financial adviser and broker exclusively for ECSC Group plc and no one else in connection with the contents of the Scheme Document and will not be responsible to anyone other than ECSC Group plc for providing the protections afforded to clients of Allenby Capital Limited, or for providing advice in connection with the matters set out in this letter, the Letter of Instruction (or documents enclosed with the same), the Announcement, Scheme Document or any other matters referred to herein. Neither Allenby Capital Limited nor any of its subsidiaries, branches or affiliates, owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client Allenby Capital Limited in connection with this letter, the Letter of Instruction, the Announcement, the Scheme Document, any statement contained in this letter or otherwise.
- 4 Allenby Capital Limited has given and has not withdrawn its written consent to the issue of this letter or the Letter of Instruction and the inclusion in this letter of the references to its name in the form and context in which they are included.
- 5 Accidental omission to despatch this letter or the Letter of Instruction (or documents which are to be enclosed with the same) to, or any failure to receive the same by, any person to whom the Option Exercise Proposal is made or should be made, shall not invalidate the Option Exercise Proposal in any way.

Appendix I
DRAFT LETTER OF INSTRUCTION



Dated 25 April 2023

Dear 

ECSC Group plc (the "Company")
Letter of Instruction regarding the ECSC Group plc Non-Executive Share Option Scheme

1. Introduction

- 1.1. We refer to the option arrangements entered into between you and the Company as part of your remuneration as a non-executive director including the Option Deed dated 22 March 2018 ("**Option Documents**").
- 1.2. Pursuant to the Option Documents, you were granted an option to subscribe for up to 6,411 ordinary shares of £0.01 each in the capital of the Company (the "**Shares**") at an exercise price of £0.00 per share (the "**Option**"), subject to the terms set out in the Option Documents.
- 1.2. Words and expressions which are defined in the Option Documents shall, so far as the context permits, have the same meaning in this letter, except where otherwise defined in this letter.

2. Background

- 2.1. It is proposed, subject to the sanction of the Court, that Daisy Corporate Services Trading Limited will acquire all the shares in the Company pursuant to a scheme of arrangement undertaken in accordance with Part 26 of the Companies Act 2006 (the "**Acquisition**") as explained in the accompanying letter to option holders.
- 2.2. Accordingly, the Board, is notifying you that you may exercise your Option (in whole or part). This is subject to the conditions set out in paragraph 3 below.
- 2.3. If you choose to exercise your Option to any extent, subject to and conditional upon the Acquisition being sanctioned by the Court, all the Shares allotted to you pursuant to your Option will be acquired by Daisy Corporate Services Trading Limited pursuant to the Acquisition (the "**Sale**").

3. Exercising your Option

- 3.1. If you wish to exercise your Options, you must sign and return the exercise notice accompanying this letter (the "**Exercise Notice**") to the Company by email (attaching the signed documents as PDFs) to Matthew Briggs by no later than midday on 23 May 2023 and send the original in the post to arrive as soon as

possible for the attention of Matthew Briggs, 28 Campus Road Listerhills Science Park, Bradford, BD7 1HR, United Kingdom.

- 3.2. Your entitlement to exercise your Option over up to 6,411 Shares is conditional upon the Acquisition being sanctioned by the Court. Accordingly, if you deliver the Exercise Notice to the Company in respect of any part of your Option, then the Exercise Notice will only become effective on the Court sanction date, and if the Acquisition is not sanctioned by the Court, then no part of your Option shall have been validly exercised.
- 3.3. **Please note if you do not choose to exercise your Option within the time frame specified in paragraph 3.1, then your Option will cease to be exercisable on the date on which the Acquisition becomes effective (expected to be 22 June 2023) and subsequently lapse in accordance with your Option Documents.**
- 3.4. By signing and returning the Exercise Notice to the Company, you agree to the following:
 - 3.4.1. that the Company (and any person acting at the direction of the Company) shall have irrevocable and unconditional authority to take any action (including to take action on your behalf) that is required to effect the Acquisition or the Sale, subject to the Acquisition becoming effective, and
 - 3.4.2. that any Tax Liability arising on the exercise of the Option and/or the sale of your Shares, may be deducted from the sale proceeds due to you following the Sale and paid on your behalf to the Company. The Tax Liability will be withheld from the cash consideration due to you. Any under or over withholding will require to be rectified by way of a cheque or direct payment to or by the Company.
- 3.5. A brief summary of the tax treatment of the exercise of your Option under the Option Documents is included in the schedule to this letter.

3.6. If you have any questions regarding this letter or your Option, please contact Matthew Briggs:

[REDACTED]

Yours sincerely

[REDACTED]

For and on behalf of **ECSC Group plc**

Schedule to Letter of Instruction

Summary of Tax Position

*The information set out below is a brief summary of the tax consequences of exercising your Options. It assumes that you are UK tax resident and UK domiciled and undertake all your employment duties in the UK, and have been since the Options were granted. The summary is provided for guidance purposes only and does **not** constitute tax advice specific to your personal circumstances. If you are in any doubt as to your tax position, you should consult an independent and suitably qualified tax advisor **immediately**.*

Tax treatment of non-tax advantaged options

As your Options were granted as nil cost non-tax advantaged options, you will be subject to income tax on exercise based on the difference between the market value of the Shares on the date of exercise. You will also be subject to employees' national insurance contributions on the same amount as is assessed to income tax.

Any income tax and Class 1 NICs due on the exercise of your Option will be withheld from the cash consideration payable to you under the Acquisition and paid by your employer through the PAYE system to HM Revenue and Customs ("**HMRC**").

Any chargeable gain realised on a disposal of the shares by you may be subject to capital gains tax ("**CGT**"). The 'base cost' of the Shares will be the amount you paid for them (i.e. the exercise price) plus the amount assessed to income tax on the exercise of your Option. You deduct the base cost from the sale proceeds to establish the gain.

Any CGT liability would be payable by you to HMRC through self-assessment via your self-assessment tax return.

If you don't usually account for tax through self-assessment, you must tell your Tax Office that you need a tax return within six months of the end of the year in which the tax liability arises (the tax year is the 12 months to 5 April each year).

The CGT rules are complex and you may need to obtain specific tax advice.

Appendix II

If you wish to accept the exercise proposal, complete the following in the presence of an independent witness (a person who is aged 18 or more and who is, ideally, not your spouse or civil partner, or a member of your immediate family). If you do not wish to accept the exercise proposal do not complete this Appendix II.

I confirm by completing the box below and signing this Appendix II:

1. I have read and understood the Option Exercise Proposal and Letter of Instruction and irrevocably agree to the Terms & Conditions set out in the Option Exercise Proposal and Letter of Instruction.
2. I confirm that I have had an opportunity to obtain independent advice in relation to my decision.
3. I accept the Option Exercise Proposal and confirm I wish to exercise my Options in respect of the number of Shares specified in the box line below, such exercise to take effect immediately after the Court sanctions the Scheme and acknowledge that this can be no greater than 6,411 Shares.

4. I accept that the ECSC Shares acquired on exercise of my Option(s) will be bound by the Scheme and may be issued or transferred to a person acting in a nominee or similar capacity on my behalf;
5. I understand and accept that income tax and employee's national insurance contributions payable through withholding may be due on the exercise of my Option and that such income tax and employee's national insurance contributions must be accounted for by the Company to HMRC, as appropriate.
6. I hereby authorise the Company or Daisy to deduct an amount equal to such income tax and employee's national insurance contributions arising on the exercise of my Option and acquisition of my Shares from the aggregate price per Share payable to me under the terms of the Scheme and authorise the Company to forward such amount to HMRC.

SIGNED AND DELIVERED AS A DEED BY:



Signature

Date

IN THE PRESENCE OF:

Witness Name:

Witness Signature:

Witness Address:

Note: Witness to be over 18 and, ideally, should not be a member of your family.