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THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE SCHEME DOCUMENT REFERRED TO HEREIN.

Smoove PLC  
Masters Court  
Church Road  
Thame  
Oxfordshire  
OX9 3FA

Digcom UK Holdings Limited  
85 Great Portland Street  
First Floor  
London  
W1W 7LT

18 October 2023

To: Individuals holding options granted under the Smoove plc Enterprise Management Incentive and Non Tax-Advantaged Share Option Plan which was adopted by a resolution of the board of Smoove plc ("**Smoove**") dated 7 July 2014 ("**2014 Share Scheme**") and which have an exercise price of less than 54 pence per share.

Dear option holder,

**Recommended cash acquisition of Smoove by Digcom UK Holdings Limited ("**Digcom**") (an indirect subsidiary undertaking of PEXA Group Limited) to be effected by means of a scheme of arrangement under Part 26 of the Companies Act 2006**

## **1. Introduction**

On 4 October 2023, the boards of directors of Digcom and Smoove announced that they had reached an agreement on the terms of a recommended cash acquisition by Digcom of the entire issued and to be issued share capital of Smoove ("**Acquisition**"). It is intended that the Acquisition will be carried out through what is called a "scheme of arrangement" under Part 26 of the Companies Act 2006 ("**Scheme of Arrangement**"). If the Scheme of Arrangement becomes Effective, shareholders will be entitled to receive 54 pence in cash for each Smoove Share held ("**Consideration**").

The purpose of this letter is to explain the consequences of the Acquisition on your option(s) under the 2014 Share Scheme that are "in the money" (i.e. option(s) with an exercise price below 54 pence per Smoove Share) ("**Option(s)**"), and to explain the actions you must take in relation to your Option(s) if

you wish to participate in the Scheme of Arrangement. Details of the Option(s) that you currently hold under the 2014 Share Scheme are set out in Appendix 1 to this letter.

You should read this letter and accompanying documentation carefully together with the scheme document which was published by Smoove on 16 October 2023 a copy of which is available at [www.hellosmoove.com/investorrelations](http://www.hellosmoove.com/investorrelations) ("**Scheme Document**") keeping in mind your financial position and the tax consequences of exercising your Option(s). Unless otherwise defined in this letter, all words and expressions defined in the Scheme Document shall have the same respective meanings in this letter. If you are in any doubt about the contents of this letter or the action you should take, you should get advice from an independent financial advisor.

The following steps are key to the Scheme of Arrangement and will be referred to throughout this letter:

<b>"Court Sanction Date"</b>	the date on which the Court sanctions the Scheme of Arrangement. This date to be determined following satisfaction or (if applicable) waiver of conditions 2(A), 2(B) and (3) inclusive set out in Part A of Part 3 of the Scheme Document.
<b>"Effective Date"</b>	the date on which the Scheme of Arrangement becomes Effective. This is expected to be two Business Days after the Court Sanction Date.

## 2. Exercise of your Option(s)

Your Option(s) are already vested and exercisable. In order to enable you to participate in and benefit from the Acquisition, the board of directors of Smoove ("**Board**") is inviting you to exercise your Option(s) to the fullest extent possible on the Court Sanction Date using the Cashless Exercise Facility outlined below ("**Proposal**").

Upon exercise of the Option(s) you will become entitled to receive Smoove Shares in the amount set out in Appendix 1 to this letter ("**Option Shares**"). The Option Shares will then be sold to Digcom pursuant to the Acquisition (provided the Scheme of Arrangement becomes Effective).

### Cashless Exercise Facility

Upon the exercise of your Option(s) you are required to pay the aggregate exercise price for the Option Shares (the exercise price per Smoove Share is set out in your option certificate and shown in the table in Appendix 1) ("**Exercise Price**"). However, it has been agreed by the Board that, in accordance with the 2014 Share Scheme, you can settle this liability by directing that the Exercise Price be deducted from the sale proceeds due to you for the Option Shares ("**Sale Proceeds**"), along with any applicable tax and/or National Insurance Contributions liability. You therefore do not need to pay anything in advance in order to exercise your Option(s) and instead, you will receive the net amount of the Sale Proceeds following deduction of the Exercise Price and any tax and/or National Insurance Contributions liability.

The Option Shares are currently held in the Smoove plc Employee Benefit Trust ("**EBT**") or will be issued to the EBT in due course. To ease administration requirements it is proposed that the Option Shares to which you become entitled will be held on your behalf by Sanne Fiduciary Services Limited, the independent trustee of the EBT ("**Trustee**"), as your nominee. The Trustee will then sell your Option Shares pursuant to the Acquisition and direct that the Sale Proceeds for such Option Shares are paid to Smoove. Smoove will receive the Sale Proceeds within 14 days after the Effective Date, and the net amount due to you (after deduction of the Exercise Price) will be paid in the next practicable payroll thereafter (subject to any required deductions of tax and National Insurance contributions).

## 3. How to exercise your Option(s) and accept the Proposal

Enclosed with this letter is a conditional exercise form (“**Exercise Form**”) for you to accept the Proposal.

Please return the Exercise Form to [REDACTED] at Smoove by no later than **5:00pm on 9 November 2023**.

If you complete the Exercise Form and return it to Smoove as set out above, all of your Option(s) will be exercised to the fullest extent possible on the Court Sanction Date and the Option Shares will then be sold for the Consideration pursuant to the Acquisition. You will then receive the Sale Proceeds (less the Exercise Price) in the next practicable payroll after Smoove receives such Sale Proceeds (subject to any required deductions of tax and National Insurance contributions).

As noted above, exercise of your Options(s) pursuant to the terms set out in this letter is conditional on the Court sanctioning the Scheme of Arrangement. This means that if the Scheme of Arrangement is not sanctioned by the Court, your Options(s) will not be exercised and will continue to be held by you in accordance with the terms of the 2014 Share Scheme.

#### **4. Taxation**

Appendix 2 to this letter contains information on the tax implications of exercising Options and participating in the Scheme of Arrangement for option holders who are and have been resident and domiciled in the UK at all material times. If you have any doubt as to your own personal tax treatment, you are encouraged to seek independent professional advice.

#### **5. What other courses of action are available to you?**

You do not have to accept the Proposal. As your Option(s) are already exercisable, you may exercise them at any time in accordance with the normal procedures (subject to any dealing restrictions to which you may be subject).

If you wish to exercise any Option that you hold without accepting the Proposal, please contact [REDACTED] at Smoove.

If you choose to exercise any Options without accepting the Proposal, you should note the following:

- a) The exercise of your Option(s) will not be effective unless and until you have entered into suitable arrangements to pay the Exercise Price (and any income tax and National Insurance that may be due).
- b) If you exercise your Option(s) in sufficient time before the Scheme Record Time, the Smoove Shares that you acquire on such exercise will be acquired by Digcom pursuant to the Scheme of Arrangement (provided that the Scheme of Arrangement becomes Effective).
- c) If you do not exercise your Options in sufficient time before the Scheme Record Time, the Smoove Shares that you acquire on such exercise will not be acquired pursuant to the Scheme of Arrangement. However, any such Smoove Shares will be compulsorily acquired by Digcom at a price equal to the Consideration under the new articles of association of Smoove.
- d) As the exercise of your Option(s) otherwise than in accordance with the Proposal may take place after the Court Sanction Date, the Consideration in respect of the Smoove Shares you acquire may be paid to you later than under the Proposal.

#### **6. What happens if you do nothing**

If you do not return the completed Exercise Form before 5:00pm on 9 November 2023, or otherwise exercise your Option(s), your Option(s) will lapse on the Effective Date and cease to have any value.

#### **7. What happens if you leave Smoove?**

If you cease to be an Employee as a Good Leaver (such terms as defined in the 2014 Share Scheme) before the Court Sanction Date you would ordinarily be entitled to exercise your Option(s) within six months of the date you cease to be an employee of Smoove. However, this period will be shortened to end on the Effective Date if the Effective Date occurs prior to the end of the six month period.

If you cease to be an Employee (or give or receive notice of such cessation) as a Bad Leaver (such terms as defined in the 2014 Share Scheme) before the Court Sanction Date, any Option(s) you hold on the date of cessation of employment (or the date notice of such cessation is given or received, if earlier) will lapse and cease to be exercisable on the date of cessation (or the date of notice, if earlier). This will be the case even if you have previously submitted the Exercise Form. If your Option(s) may lapse in these circumstances, you should consider whether to exercise your Option(s) using the normal exercise procedures before they lapse (see paragraph 5 above).

## **8. Recommendations by the Smoove directors**

The Smoove directors who have been so advised by Cavendish Securities plc (“**Cavendish**”) as to the financial terms of the Proposal, consider the terms of the Proposal described above to be fair and reasonable in the context of the Acquisition and the Smoove directors recommend you accept the Proposal. In providing their advice to the Smoove directors, Cavendish has taken into account the commercial assessments of the Smoove directors. Cavendish is providing independent financial advice to the Smoove directors for the purposes of Rule 15.2(b) of the City Code on Takeovers and Mergers.

## **9. What to do now**

If you wish to exercise all of your Option(s) which have an exercise price of less than 54 pence per Smoove Share to the fullest extent possible on the Court Sanction Date and participate in the Scheme of Arrangement (and so receive 54 pence per Smoove Share in cash, less the Exercise Price and any tax and National Insurance deductions), you must complete the enclosed Exercise Form and return it to [REDACTED] at Smoove by no later than **5:00pm on 9 November 2023**.

We have asked you to return the Exercise Form by this date so that we are able to process all the forms received in good time in order to allow you to participate in the Scheme of Arrangement.

You must return the completed Exercise Form by email to [REDACTED] [REDACTED] at [REDACTED] by no later than 5:00pm on 9 November 2023. If the Exercise Form is completed incorrectly it may not be accepted.

Please note that the Exercise Form will only have effect in relation to your Option(s) if they have not otherwise lapsed or been exercised prior to the Court Sanction Date.

If you have any questions about the effect of the Scheme of Arrangement on your Options(s) please contact [REDACTED] by email at [REDACTED].

**Smoove and its officers and employees may not provide you with any legal, tax or financial advice. If you are in any doubt as to the action you should take you should seek your own financial advice from an independent professional adviser as soon as possible.**

Yours faithfully

.....  
[REDACTED]  
For and on behalf of  
Smoove plc

.....  
[REDACTED] of  
Digcom UK Holdings Limited

**Appendix 1**

**Your Options under the 2014 Share Scheme**

[please see personalised letter]

**Appendix 2**

**UK tax consequences for holders of EMI Options**

[please see personalised letter]

Notes:

1. The Smoove Directors, whose names are set out in paragraph 2(a) of Part 7 of the Scheme Document, accept responsibility for the information contained in this letter and the Exercise Form (including any expressions of opinion) other than the information for which responsibility is taken by others pursuant to paragraphs 2 and 3 below. To the best of the knowledge and belief of the Smoove Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter and the Exercise Form 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 Digcom Directors, whose names are set out in paragraph 2(b) of Part 7 of the Scheme Document, accept responsibility for the information contained in this letter and the Exercise Form (including any expressions of opinion) relating to Digcom, their respective close relatives and related trusts, and other persons connected with them (including persons deemed to be acting in concert with Digcom or any of them (as such term is defined in the Takeover Code)). To the best of the knowledge and belief of the Digcom Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter and the Exercise Form 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. The PEXA Directors, whose names are set out in paragraph 2(c) of Part 7 of the Scheme Document, accept responsibility for the information contained in this letter and the Exercise Form (including any expressions of opinion) relating to PEXA, each member of the PEXA Group (including Digcom) and themselves, their respective close relatives and related trusts, and other persons connected with any of them (as such term is defined in the Takeover Code). To the best of the knowledge and belief of the PEXA Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter and the Exercise Form for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
4. Cavendish Securities plc ("**Cavendish**") is acting for Smoove and no one else in connection with the matters set out in this letter and will not be responsible to anyone other than Smoove for providing the protections afforded to clients of Cavendish for providing advice in relation to the possible offer, the contents of this letter or any other matters referred to in this letter.
5. Cavendish has given and not withdrawn its consent to the issue of this letter with the inclusion of the references to its name in the form and context in which it appears.
6. Your Option(s) are governed by the Rules of the Smoove plc 2014 Enterprise Management Incentive and Non Tax-Advantaged Share Option Plan and application legislation. If there is any inconsistency between those rules and the legislation and this letter, those rules and the applicable legislation will prevail. The information relating to taxation given in this letter is given by way of guidance only.
7. The enclosed Exercise Form shall be deemed to be incorporated into and form an integral part of the proposals in this letter.
8. All acceptances and elections in respect of the proposals set out in this letter will be irrevocable and cannot be subsequently revoked.
9. Accidental omission to despatch this letter or the Form of Instruction to, or any failure to receive the same by, any person to whom the Proposal is made, or should be made, shall not invalidate the Proposal in any way.

10. The Proposal set out in this letter and acceptances and instructions in respect of it shall be irrevocable and this letter and the Exercise Form (and choices made under it) are governed by and should be construed in accordance with the laws of England and Wales.
11. A copy of this letter and the Scheme Document is available to view on Smoove's website at [www.hellosmoove.com/investorrelations](http://www.hellosmoove.com/investorrelations). You may request a hard copy of the Scheme Document by contacting Equiniti during business hours (8:30am to 5:30pm) on +44 (0) 371 384 2050 (if calling from outside of the UK, please ensure the country code is used) or by submitting a request in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.