

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE 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 your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (FSMA) if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

If you sell or transfer or have sold or otherwise transferred all of your Ordinary Shares (as defined in this document) in SIG plc before 22 June 2020 (being the date when Existing Ordinary Shares were marked “ex” entitlement to the Open Offer by the London Stock Exchange) please send this document and any accompanying Application Form along with the accompanying reply-paid envelope (for use within the United Kingdom only), but not any accompanying personalised Form of Proxy and accompanying reply-paid envelope (for use within the United Kingdom only), immediately 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, such documents should not be forwarded or transmitted in or into the United States or any Excluded Territory** (as defined in this document), subject to certain exceptions, or any other jurisdiction where to do so might constitute a violation of local securities laws or regulations. Please refer to paragraph 9 (“*Overseas Shareholders*”) of Part 8 (“*Terms and Conditions of the Open Offer*”) if you propose to send this document and/or the Application Form outside the United Kingdom. If you have sold or transferred part of your holding of Ordinary Shares you should immediately consult the stockbroker, bank or other agent through whom the sale or transfer was effected and refer to the instructions regarding split applications set out in the Application Form.

This Prospectus comprises; (i) a circular prepared in accordance with the Listing Rules of the Financial Conduct Authority (the FCA); and (ii) a prospectus relating to new ordinary shares (the **New Ordinary Shares**) proposed to be issued in connection with the proposed firm placing (the **Firm Placing**) and placing and open offer (the **Placing and Open Offer**) prepared in accordance with the Prospectus Regulation Rules of the FCA under Section 73A of FSMA (together, the **Prospectus**). A copy of this Prospectus has been filed with the FCA and made available to the public in accordance with Rule 3.2.1 of the Prospectus Regulation Rules by being made available at www.sigplc.com.

SIG plc and the Directors, whose names appear in this document, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of SIG plc and the Directors, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect the import of such information.

This Prospectus has been approved by the FCA, as competent authority for the purposes of the Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company that is the subject of this Prospectus or the quality of the securities that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the securities.

SIG PLC

*(Incorporated under the Companies Acts 1948 to 2006 and registered in England and Wales
with registered number 00998314)*

**CD&R Investment for 240,000,000 New Ordinary Shares at 25 pence per New Ordinary Share
Firm Placing and Placing and Open Offer of in aggregate 347,901,900 New Ordinary Shares at 30
pence per New Ordinary Share**

and

**Application for admission of the New Ordinary Shares to the premium listing segment of the
Official List and to trading on the London Stock Exchange's Main Market for listed securities
and**

Notice of General Meeting

Joint Bookrunners and Joint Sponsors

Jefferies International Limited

Peel Hunt LLP

Lead Financial Adviser

Lazard & Co., Limited

DUE TO THE CURRENT CIRCUMSTANCES ARISING FROM THE COVID-19 OUTBREAK, THE GENERAL MEETING WILL BE HELD AS A CLOSED MEETING. PLEASE DO NOT ATTEMPT TO ATTEND THE MEETING AS YOU WILL BE REFUSED ENTRY. FURTHER INFORMATION IS PROVIDED AT PARAGRAPH 23 OF PART 6 (“LETTER FROM THE CHAIRMAN OF THE COMPANY”) OF THIS PROSPECTUS.

Notice of a General Meeting of the Company, to be held as a closed meeting at 10 Eastbourne Terrace, London, W2 6LG, United Kingdom at 11 a.m. on 9 July 2020, is set out in Part 18 (“Notice of General Meeting”) of this Prospectus. You are asked to complete and return the Form of Proxy in accordance with the instructions printed on it to the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZY, as soon as possible and, in any event, so as to be received by no later than 11 a.m. on 7 July 2020 (being 48 hours before the time fixed for the holding of the meeting with no account being taken for non-working days) (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Shareholders wishing to appoint a proxy online should visit www.eproxyappointment.com and follow the instructions. To use this service, you will need your unique Shareholder Reference Number, together with the Control Number, printed on the Form of Proxy. In light of the current Government advice in relation to social distancing arising from COVID-19, Shareholders and their proxies will not be allowed to attend the meeting in person and so Shareholders are encouraged to appoint the Chairman as their proxy for the meeting. Arrangements have been made for Shareholders to attend the General Meeting remotely, and further details are provided in paragraph 23 of Part 6 (“Letter from the Chairman of the Company”) of this Prospectus.

If you hold your Ordinary Shares in CREST, and you wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC, ID 3RA50, not later than 11 a.m. on 7 July 2020.

Your attention is drawn to the letter from the Chairman of SIG plc which is set out in Part 6 (“*Letter from the Chairman of the Company*”) of this Prospectus. You should read the whole of this Prospectus and any documents incorporated by reference in it before making any investment decision. Your attention is drawn to Part 2 (“*Risk Factors*”) of this Prospectus for a discussion of certain factors that should be considered by prospective investors in considering whether or not to make an application pursuant to the Open Offer to invest in New Ordinary Shares.

This Prospectus does not constitute, and may not be used for the purposes of, any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for New Ordinary Shares to or by anyone in any jurisdiction in which such offer, invitation or solicitation is unlawful or to any person to whom it is unlawful to make such offer or invitation or undertake such solicitation. The distribution of this Prospectus and/or the Application Form and the offering of New Ordinary Shares in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this Prospectus and/or the Application Form comes should inform themselves about and observe any such restrictions.

Any failure to comply with any such restrictions may constitute a violation of the securities laws of the jurisdiction concerned. The contents of this Prospectus should not be construed as legal, business or tax advice. This Prospectus has been prepared to comply with the requirements of English law and the Prospectus Regulation Rules and information disclosed may not be the same as that which would have been disclosed if this Prospectus had been prepared in accordance with the laws of jurisdictions outside of England.

The Existing Ordinary Shares are listed on the premium listing segment of the Official List and traded on the London Stock Exchange's Main Market for listed securities. Applications will be made to the FCA for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for such New Ordinary Shares to be admitted to trading on its Main Market for listed securities (together, **Admission**). It is expected that Admission will become effective, and that dealings for settlement in the New Ordinary Shares will commence, at 8.00 a.m. on 10 July 2020.

Lazard & Co., Limited (**Lazard**) and each of Jefferies International Limited (**Jefferies**) and Peel Hunt LLP (**Peel Hunt**) (together, in the case only of Jefferies and Peel Hunt, the **Joint Bookrunners and Joint Sponsors**), which are authorised and regulated in the UK by the FCA, are acting exclusively for SIG plc and no one else in connection with the contents of this Prospectus, the Capital Raise, Admission or any other matters referred to in this Prospectus and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Capital Raise, Admission or any other matters referred to in this Prospectus and will not be responsible for providing the protections afforded to their clients nor for giving advice in relation to the contents of this Prospectus, the Capital Raise, Admission or any other matter or arrangement referred to in this Prospectus. Neither Lazard nor the Joint Bookrunners are responsible for the contents of this Prospectus.

In connection with the Firm Placing, and the Placing and Open Offer, Jefferies and Peel Hunt and/or any of their respective affiliates may, in accordance with applicable legal and regulatory provisions, take up a portion of the New Ordinary Shares in the Firm Placing, or the Placing and Open Offer as a principal position and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in relation to the New Ordinary Shares and/or related instruments in connection with the Firm Placing, the Placing and Open Offer or otherwise. Accordingly, references in this document to New Ordinary Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, Jefferies and Peel Hunt and/or any of their respective affiliates acting in such capacity. In addition, Jefferies and Peel Hunt and/or their respective affiliates may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which Jefferies and Peel Hunt and/or their respective affiliates may from time to time acquire, hold or dispose of New Ordinary Shares. Neither Jefferies nor Peel Hunt and/or any of their respective affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Jefferies and Peel Hunt and/or their respective affiliates have from time to time engaged in, and may in the future engage in, various investment banking, financial advisory and/or commercial banking transaction and services in the ordinary course of their respective business with the Company. They have received and will receive customary fees and commissions for these transactions and services.

None of the Company, Jefferies and Peel Hunt, nor any of their respective affiliates, directors, officers, employees or advisers, is making any representation to any offeree, purchaser or acquirer of New Ordinary Shares regarding the legality of an investment in the Firm Placing, the Placing and Open Offer or the New Ordinary Shares by such offeree, purchaser or acquirer under the laws applicable to such offeree, purchaser or acquirer.

Investors should only rely on the information contained in this Prospectus including information incorporated by reference herein. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised by SIG plc, the Directors or Jefferies and Peel Hunt. Apart from the responsibilities and liabilities, if any, which may be imposed on Jefferies and Peel Hunt by the FSMA or the

regulatory regime established thereunder, or by the London Stock Exchange, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither of Jefferies or Peel Hunt or any of their respective affiliates, directors, officers, employees, advisers, representatives or agents accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this Prospectus, including its accuracy or completeness, or for any other statement made or purported to be made by it, or on behalf of it, the Company, the Directors or any other person, in connection with the Company, the New Ordinary Shares, the Capital Raise or Admission, and nothing in this Prospectus should be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of Jefferies and Peel Hunt and their respective affiliates, directors, officers, employees, advisers, representatives or agents accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement. In particular, the contents of SIG plc's website (other than the documents incorporated by reference into this Prospectus in paragraph 22 ("*Incorporation by Reference*") and the documents on display listed in paragraph 23 ("*Document's Available for Inspection*") of Part 16 ("*Additional Information*") do not form part of this Prospectus and investors should not rely on them. Without prejudice to any legal or regulatory obligation on SIG plc to publish a supplementary prospectus pursuant to the Prospectus Regulation, the Prospectus RTS Regulation and paragraph 3.4 of the Prospectus Regulation Rules, neither the delivery of this Prospectus nor Admission shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group taken as a whole since the date of this Prospectus or that the information in it is correct as at any time after the date of this Prospectus. SIG plc will comply with its obligation to publish a supplementary prospectus containing further information required by law or by any regulatory authority, but assumes no further obligation to publish additional information.

The Firm Placing and Placing and Open Offer are conditional on, among other things: (i) the Capital Raise Resolutions being passed at the General Meeting; (ii) Admission becoming effective by not later than 8.00 a.m. on 10 July 2020 (or such later time and/or date as the Company and Jefferies and Peel Hunt may agree, being not later than 8.00 a.m. on 27 July 2020); and (iii) each of the CD&R Subscription Agreement and the Sponsors and Placing Agreement otherwise becoming unconditional in all respects and not having been terminated in accordance with their respective terms before Admission. The Sponsors and Placing Agreement is more fully described in paragraph 10.1 ("*Sponsors and Placing Agreement*") of Part 16 ("*Additional Information*") of this Prospectus and the CD&R Subscription Agreement is more fully described at paragraph 11 ("*CD&R Arrangements*") of Part 16 ("*Additional Information*") of this Prospectus. The New Ordinary Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared, made or paid on or in respect of the Existing Ordinary Shares after Admission. Notice of the General Meeting of SIG plc, to be held as a closed meeting at 10 Eastbourne Terrace, London, W2 6LG, United Kingdom at 11 a.m. on 9 July 2020, is set out in Part 18 ("*Notice of General Meeting*"). In light of the current Government advice in relation to social distancing arising from COVID-19, Shareholders and their proxies will not be allowed to attend the meeting in person and so Shareholders are encouraged to appoint the Chairman as their proxy for the meeting. Arrangements have been made for Shareholders to attend the General Meeting remotely, and further details are provided in paragraph 23 of Part 6 ("*Letter from the Chairman of the Company*") of this Prospectus.

The Open Offer will close at 11 a.m. on 8 July 2020. Qualifying Non-CREST Shareholders will receive a personalised Application Form enclosed with this Prospectus. Qualifying CREST Shareholders (who will not receive an Application Form) will instead receive credit to their appropriate stock accounts in CREST in respect of the Open Offer Entitlement which will be enabled for settlement on 23 June 2020. If you are a Qualifying Shareholder and wish to apply for New Ordinary Shares under the Open Offer you should follow the procedures set out in Part 8 ("*Terms and Conditions of the Open Offer*") of this Prospectus and, for Qualifying Non-CREST Shareholders, complete and return your Application Form. If you do not wish to participate in the Open Offer then you should not return your Application Form or send a USE instruction through CREST.

Applications under the Open Offer may only be made by the Qualifying Shareholders originally entitled thereto or by a person entitled by virtue of a *bona fide* market claim arising out of the sale or transfer of Existing Ordinary Shares before the date on which the relevant Existing Ordinary Shares are marked "ex"

the entitlement by the London Stock Exchange. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purposes of calculating entitlements under the Open Offer.

If the Open Offer Entitlement is for any reason not enabled by 23 June 2020 or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlement credited to its stock account in CREST. Qualifying CREST Shareholders who are CREST Sponsored Members should refer to their CREST Sponsors regarding the action to be taken in connection with this Prospectus and the Open Offer. The Application Form is personal to Qualifying Non-CREST Shareholders and cannot be transferred, sold or assigned except to satisfy *bona fide* market claims.

Persons into whose possession this Prospectus comes should inform themselves about and observe any applicable restrictions and legal, exchange control or regulatory requirements in relation to the distribution of this Prospectus or the Capital Raise. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction. The contents of this Prospectus should not be construed as legal, business or tax advice. This Prospectus has been prepared to comply with the requirements of English law and the Prospectus Regulation Rules and information disclosed may not be the same as that which would have been disclosed if the Prospectus had been prepared in accordance with the laws of jurisdictions outside of England.

Notice to Overseas Shareholders

The New Ordinary Shares have not been and will not be registered under the applicable securities laws of any of the Excluded Territories and, subject to certain exceptions, the New Ordinary Shares may not be offered or sold in the Excluded Territories or, in the case of Excluded Territories, to, or for the account or benefit of, any resident of the Excluded Territories. There will be no public offer of securities in the Excluded Territories.

Neither this Prospectus (incorporating a circular) nor the Application Form is or constitutes an invitation or offer to sell, or the solicitation of an invitation or an offer to buy, any New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Subject to certain exceptions listed below, neither this Prospectus (incorporating a circular) nor the Application Form will be distributed in or into the United States or any Excluded Territory and neither this Prospectus (incorporating a circular) nor the Application Form constitutes a public offer of New Ordinary Shares to any Shareholder with a registered address in, or who is resident or located in (as applicable), the United States or any Excluded Territory, or to any ADR Holder.

The New Ordinary Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or under any securities laws of any state or other jurisdiction of the United States. The New Ordinary Shares may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, into or within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the New Ordinary Shares in the United States. The New Ordinary Shares are being offered: (i) outside the United States in “offshore transactions” as defined in, and in accordance with, Regulation S under the Securities Act (but not, for the avoidance of doubt, to any ADR Holders); and (ii) in the United States to persons reasonably believed to be “qualified institutional buyers”, as defined in Rule 144A under the Securities Act (**QIBs**) who are subscribing for the New Ordinary Shares in private placement transactions pursuant to Section 4(a)(2) of the Securities Act, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Prospective purchasers are notified that sellers of the Ordinary Shares are relying upon an exemption from the registration requirements of Section 5

of the Securities Act. The New Ordinary Shares may not be offered or sold to, or for the account or benefit of, any ADR Holder.

In addition, until 40 days after the commencement of the Firm Placing and Placing and Open Offer, an offer, sale or transfer of the New Ordinary Shares within the United States by any dealer (whether or not participating in the Firm Placing and Placing and Open Offer) may violate the registration requirements of the Securities Act.

The New Ordinary Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission (**SEC**), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Notice to all Shareholders

Any reproduction or distribution of this Prospectus in whole or in part, and any disclosure of its contents or use of any information in this Prospectus for any purpose other than considering an investment in the New Ordinary Shares is prohibited, except to the extent such information is available publicly. By accepting delivery of this Prospectus, each offeree of the New Ordinary Shares agrees to the foregoing.

The distribution of this Prospectus and/or the Application Form into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been taken by the Company, Jefferies and/or Peel Hunt that would permit a public offer of the New Ordinary Shares or possession or distribution of this Prospectus or any other offering or publicity material or the Application Form in the Excluded Territories or any other jurisdiction or any jurisdiction where action for that purpose is required, other than the United Kingdom.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (**MiFID II**); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the **MiFID II Product Governance Requirements**), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares to be issued in the Capital Raise have been subject to a product approval process, which has determined that the New Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the **Target Market Assessment**). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Ordinary Shares may decline and investors could lose all or part of their investment; the New Ordinary Shares to be issued in the Capital Raise provide no guaranteed income and no capital protection; and an investment in the New Ordinary Shares to be issued in the Capital Raise is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Capital Raise. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Jefferies and Peel Hunt will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the New Ordinary Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the New Ordinary Shares and determining appropriate distribution channels.

This Prospectus is dated 19 June 2020.

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PART 1 SUMMARY INFORMATION

1. INTRODUCTION AND WARNINGS

Name and international securities identifier (ISIN) number of the securities

Ordinary Shares; ISIN code GB0008025412. The New Ordinary Shares will have the same ISIN code.

Identity and contact details of the issuer, including its legal entity identifier

SIG plc (the **Company** and, together with its subsidiaries, the **Group**) is a public limited company, incorporated in England and Wales. The Company's registered office is at 10 Eastbourne Terrace, London, United Kingdom, W2 6LG. The Company's telephone number is +44 (0)114 285 6300. The Company's LEI is 213800VDC1BKJEZ8PV53.

Identity and contact details of the competent authority approving the prospectus

This document has been approved by the FCA, as competent authority, with its head office at 12 Endeavour Square, London, United Kingdom, E20 1JN, and telephone number: +44 20 7066 1000, in accordance with Regulation (EU) 2017/1129.

Date of approval of the prospectus

This document was approved by the FCA on 19 June 2020.

Warning

This summary has been prepared in accordance with Article 7 of Regulation (EU) 2017/1129 and should be read as an introduction to the Prospectus. Any decision to invest in the New Ordinary Shares should be based on consideration of the Prospectus as a whole by the investor. The investor could lose all or part of its invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

2. KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

Domicile and legal form, LEI, the law under which it operates and its country of incorporation

The Company was incorporated and registered in England and Wales under the Companies Act 1948 to 1967 as a private company limited by shares under the name The Sheffield Insulating Company Limited on 7 December 1970 with registered number 00998314. On 20 April 1989 the Company was re-registered as a public company under the name of Sheffield Insulations Group plc. On 14 October 1994, the name of the Company was changed to its present name, SIG plc. The Company's LEI is 213800VDC1BKJEZ8PV53.

Principal activities

The Group is a leading supplier of specialist building materials to trade customers across the UK, Ireland and Mainland Europe, with strong positions in its core markets as a specialist distributor of insulation and interiors products and as a merchant of roofing and exteriors products.

The Group plays an important role in the construction industry. For its customers, SIG facilitates one-stop access to an extensive product range, provides expert technical advice, breaks bulk supplies into suitable quantities and coordinates often complex delivery requirements, ensuring that customers are supplied with what they need, when it is needed. For its suppliers, SIG provides a channel through which suppliers can bring their products to a highly fragmented market of smaller customers conveniently and efficiently, extends product guidance and support, and provides fulfilment capability to sites that are of insufficient scale to supply direct. The Group operates in the UK, France and Germany, which collectively represented 83% of the Group's revenue in 2019, as well as in Ireland, Poland and the Benelux area, and is either a market leader or a significant market player across its portfolio. The Group is committed to delivering

the highest levels of customer service. As at 31 December 2019, the Group employed a headcount of 6,452 employees (excluding Air Handling) and operated a network of 425 trading sites.

Major shareholders, including whether the Company is directly or indirectly owned or controlled and by whom

In so far as it has been notified to SIG plc pursuant to the Companies Act 2006 and/or Chapter 5 of the disclosure guidance and transparency rules made by the FCA pursuant to section 73A of the Financial Services and Markets Act 2000 (the **FSMA**) (the **Disclosure Guidance and Transparency Rules**), the name of each person who, directly or indirectly, has an interest in voting rights representing 3% or more of the total voting rights in respect of the Company's issued share capital and the amount of such person's interest (based on the issued ordinary share capital of SIG plc as at the date of this Prospectus), are set out below:

<i>Name</i>	<i>As at 12 June 2020⁽¹⁾</i>		<i>Immediately following the Capital Raise⁽²⁾</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Ordinary Shares</i>
IKO Enterprises Limited	87,461,710	14.8%	174,743,804	14.8%
Aberforth Partners LLP	69,449,417	11.7%	131,811,771	11.2%
UBS Asset Management.....	37,817,574	6.4%	68,271,967	5.8%
MFS Investment Management.....	24,803,328	4.2%	43,004,160	3.6%
Dimensional Fund Advisors	22,473,577	3.8%	28,091,971	2.4%
Tellworth Investments.....	19,697,175	3.3	24,621,468	2.1%
Vanguard Group.....	19,187,186	3.2%	23,983,982	2.0%

Notes:

- (1) Being the latest available date before publication of this Prospectus.
- (2) Assuming that: (i) all of the New Ordinary Shares in relation to the Capital Raise are issued; (ii) no further Ordinary Shares are issued as a result of the vesting or exercise of any awards under the Share Plans between the date of this Prospectus and Admission; and (iii) all of the Shareholders listed in the table above take up their Open Offer Entitlements in full and no Ordinary Shares are clawed back to satisfy valid applications under the Open Offer.

Identity of the Company's key managing directors

Steve Francis is the Company's Chief Executive Officer, and Kath Kearney-Croft is the Company's interim-Chief Financial Officer until 1 July 2020. Ian Ashton is due to commence his role as Chief Financial Officer on 1 July 2020.

Identity of the Company's statutory auditors

Ernst & Young LLP, with its address at 1 More London Place, London, SE1 2AF, United Kingdom, is the statutory auditor to the Company. The audit reports on the historical financial information incorporated by reference into this document are unqualified. However, the auditor's report on the Group's 2019 Financial Statements contains a material uncertainty in respect of going concern to which the auditors have drawn attention by way of emphasis without modifying their report.

The financial information for the Group as at and for the years ended 31 December 2019 and 31 December 2018 incorporated by reference in this Prospectus was audited by Ernst & Young LLP. The financial information for the Group as at and for the year ended 31 December 2017 incorporated by reference in this Prospectus was audited by Deloitte LLP.

What is the key financial information regarding the issue?

Selected historical financial information

The tables below set out the Group's summary financial information for the periods indicated.

The financial information set out below is extracted or derived from, and should be read in conjunction with, the audited consolidated financial statements of the Group as at and for the years ended 31 December 2019, 31 December 2018 and 31 December 2017, each incorporated by reference in this Prospectus.

The following table sets out the Group's consolidated income statement, extracted without adjustment from the Group's audited 2019 Financial Statements and 2018 Financial Statements.

	For the year ended 31 December		
	2019 ⁽¹⁾	2018 ⁽²⁾	2017 ⁽³⁾
		(unaudited) (restated) (£ million)	(unaudited) (restated) ⁽⁴⁾
Revenue	2,160.6	2,431.8	2,878.4
Cost of sales	(1,601.5)	(1,813.2)	(2,125.9)
Gross profit	559.1	618.6	752.5
Other operating expenses	(647.0)	(592.4)	(788.8)
Operating profit/(loss)	(87.9)	26.2	(36.3)
Finance income	0.5	0.5	0.6
Finance costs	(25.3)	(16.4)	(19.0)
Profit/(loss) before tax	(112.7)	10.3	(54.7)
Income tax (expense)/credit	(11.4)	(6.2)	(4.5)
Profit/(loss) after tax from continuing operations	(124.1)	4.1	(59.2)
Profit/(loss) after tax from discontinued operations ⁽⁵⁾	(0.4)	13.8	—
Profit/(loss) after tax	(124.5)	17.9	(59.2)

Notes:

- (1) The Group has initially applied IFRS 16 “Leases” using the modified retrospective method. Under this method, the comparative information is not restated.
- (2) Represents the Group's 2018 consolidated income statement extracted without adjustment from the Group's audited 2019 financial statements, which has been restated to present the Air Handling business as a discontinued operation and Building Solutions and WeGo FloorTec as non-core businesses.
- (3) Represents the Group's 2017 consolidated income statement extracted without adjustment from the Group's audited 2018 Financial Statements, which includes the results of the Air Handling, Building Solutions and WeGo FloorTec businesses.
- (4) The Group has initially applied IFRS 15 “Revenue from contracts with customers” using the modified retrospective method. Under this method, comparative information is not restated. The Group has applied IFRS 9 “Financial Instruments” retrospectively, but without restating comparative information.
- (5) Represents the results of the Group's Air Handling business in 2019 and 2018, the disposal of which completed in January 2020.

The following table sets forth the Group's consolidated balance sheet, extracted without adjustment from the Group's audited 2019 Financial Statements and 2018 Financial Statements.

	31 December ⁽¹⁾		
	2019 ⁽²⁾	2018	2017
		(£ million)	(unaudited) ⁽³⁾ (restated) ⁽⁴⁾
Current assets	822.2	778.2	838.9
Non-current assets	525.6	462.7	502.5
Total assets	1,347.8	1,240.9	1,341.4
Current liabilities	781.8	512.3	604.1
Non-current liabilities	271.8	265.7	266.8
Total liabilities	1,053.6	778.0	870.9
Net assets	294.2	462.9	470.5
Attributable to equity holders of the Company	294.2	462.9	469.6
Non-controlling interests	—	—	0.9
Total equity	294.2	462.9	470.5

Notes:

- (1) Includes discontinued operations and non-core businesses for the relevant period.
- (2) The Group has initially applied IFRS 16 “Leases” using the modified retrospective method. Under this method, the comparative information is not restated.
- (3) Represents the Group's consolidated balance sheet as at 31 December 2017 extracted without adjustment from the Group's audited 2018 Financial Statements.
- (4) The Group has initially applied IFRS 15 “Revenue from contracts with customers” using the modified retrospective method. Under this method, comparative information is not restated. The Group has applied IFRS 9 “Financial Instruments” retrospectively, but without restating comparative information. The Group previously accounted for early settlement discounts when paid, however, under IAS 18 “Revenue”, revenue should take into account expected discounts allowed. The consolidated balance sheet has been restated at 1 January 2017 and 31 December 2017, resulting in an increase in retained losses of £1.0 million at each reporting date.

The following table sets out the Group's consolidated cash flow statement, extracted without adjustment from the Group's audited 2019 Financial Statements and 2018 Financial Statements.

	For the year ended 31 December ⁽¹⁾		
	2019	2018	2017
		(unaudited) ⁽²⁾ (restated) ⁽³⁾ (£ million)	(unaudited) ⁽⁴⁾ (restated) ⁽⁵⁾
Net cash generated from operating activities	155.2	89.6	74.6
Net cash (used in) / generated from investing activities	(17.9)	8.0	25.9
Net cash used in financing activities	(65.7)	(97.7)	(115.4)
Increase/(Decrease) in cash and cash equivalents in the year	71.6	(0.1)	(14.9)
Cash and cash equivalents at beginning of the year	78.8	78.6	89.0
Effect of foreign exchange rate changes	(5.3)	0.3	4.5
Cash and cash equivalents at the end of the year	145.1	78.8	78.6

Notes:

of the CD&R Investment contribution will also constitute an Equity Failure Event and the Capital Raise would not occur in its present form and on the basis presented in this Prospectus, and Admission of the Shares to trading would not occur. If not waived after re-engagement with the RCF Lenders and each Noteholder, an Equity Failure Event would entitle such parties to accelerate and demand repayment in full of the amounts outstanding, which the Company is unlikely to be able to satisfy. Unless the Company is able to secure alternative funding to refinance the relevant instruments on commercially reasonable terms or is able to agree a merger or acquisition transaction involving the Company, it will cease to be able to operate as a going concern and the Board may be required to place the Company into administration or liquidation, or creditors may file for the winding-up of the Company. Due to the above conditions to the Capital Raise, in the opinion of the Company, the Group does not have sufficient working capital for its present requirements, that is, for at least twelve months following the date of this Prospectus.

There is no assurance that, upon the successful completion of the Capital Raise, the Company will be able to continue to satisfy the requirements of its Revised Covenants over the long-term (that is, beyond the period ending 12 months from the date of this Prospectus), as a result of various factors, including market conditions (in particular the continuing impact of the global COVID-19 pandemic on trading) or the failure of its new strategy. If the Company breaches its Revised Covenants over the long-term (that is beyond the period ending 12 months from the date of this Prospectus) under, or any other terms of, the Debt Facilities Agreements and the breach were not cured or waived by the RCF Lenders and each Noteholder, such parties will have the right to accelerate and make demand for payment of their debt, which the Company is unlikely to be able to satisfy.

Risks relating to the Company's business and industry

The Company is dependent on its ability to successfully implement its new strategy and its ability to reverse the deterioration in the Group's performance in certain markets. However, the new strategy has yet to be fully implemented, is subject to various estimates and assumptions and may fail to produce anticipated results.

The Company believes that its future operations and competitive position will require the procurement, development and implementation of effective financial and operational systems, but the Group may not be able to successfully anticipate, manage or adapt to technological changes, and the implementation of the Group's new systems have had significant problems, and are currently not all operational, which may increase the Group's costs and decrease the quality of the Group's operational processes.

The Group's operations, including its operational performance and the welfare of its staff, may be impacted by the spread of COVID-19, and the Group's markets, customers and suppliers are exposed to risks associated with economic downturns, including as a result of the current COVID-19 worldwide pandemic.

3. KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

Type, class and ISIN

Ordinary shares; ISIN code GB0008025412. The New Ordinary shares will have the same ISIN code.

Currency, denomination, par value, the number of securities issued and the term of the securities

The issued and fully paid share capital of the Company as at 18 June 2020 (being the latest practicable date before publication of this Prospectus) was 591,556,982 Ordinary Shares, each with a nominal value of £0.10 each. The Ordinary Shares in issue are in registered form, may be held in either certificated or uncertificated form, and title to such uncertificated shares may be transferred by means of a relevant system (as defined in the CREST Regulations).

Rights attached to the securities

Each New Ordinary Share will rank *pari passu* in all respects with each other and with each Existing Ordinary Share, and will have the same rights and restrictions as each other and as each Existing Ordinary Share.

Seniority of the securities in the Company's capital structure in the event of insolvency

Each New Ordinary Share will rank *pari passu* in all respects with each other and with each Existing Ordinary Share in the event of insolvency, in accordance with the Companies Act.

Restrictions on the free transferability of the securities

There are no restrictions on the free transferability of the Ordinary Shares.

Dividend or payout policy

The Group does not intend to pay a dividend for 2020, and will limit the 2021 interim dividend to £3.0 million. Under the terms of the Amended Debt Facilities Agreements, the 2021 final dividend and all subsequent dividends will be conditional on the Group's leverage being less than 2.25x in each case (including on a look forward basis), and will be subject to the further conditions that: (i) at the time the dividend is declared, no default under the Amended Debt Facilities Agreements is continuing or would result from the payment of the dividend; (ii) at the time of payment of such dividend, there are not any outstanding loans under the New RCF; and (iii) the dividend is made in accordance with the Company's most recently stated policy of maintaining a two to three times dividend cover ratio.

Where will the securities be traded?

Application will be made to the FCA for the New Ordinary Shares to be admitted to the premium listing segment of the Official List of the FCA and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities.

Is there a guarantee attached to the securities?

No.

What are the key risks that are specific to the securities?

The Firm Placing and Placing and Open Offer are conditional on, among other things, the CD&R Subscription Agreement becoming unconditional in all respects, and not having been terminated before Admission. If the CD&R Investment fails, the Capital Raise would not occur in its present form and on the basis presented in this Prospectus, and Admission of the Shares to trading would not occur.

To the extent that Qualifying Shareholders do not exercise their Open Offer Entitlements to subscribe for Open Offer Shares, their proportionate ownership and voting interest in the Ordinary Shares will (upon the issue of the New Ordinary Shares) be reduced.

In addition to the Capital Raise, over the long-term, the Company may also seek to raise financing to fund other growth opportunities, invest in its business, or for general corporate purposes or otherwise may dilute all other shareholdings and which may impact the price of the Ordinary Shares.

4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND ADMISSION TO TRADING ON A REGULATED MARKET

Under which conditions and timetable can I invest in this security?

The Company proposes to issue 147.9 million Open Offer Shares (representing 25.0% of the Company's Existing Ordinary Shares) in connection with the Placing and Open Offer at the Issue Price of 30 pence per Open Offer Share. The Company will bear one-off fees and expenses of approximately £11.9 million in connection with the Capital Raise. Pursuant to the Sponsors and Placing Agreement, the Joint Bookrunners have conditionally placed all of the Open Offer Shares at the Issue Price with institutional investors, subject to clawback in respect of valid applications by Qualifying Shareholders. Subject to the fulfilment of the conditions set out below and, in the case of Qualifying Non-CREST Shareholders, the Application Form, Qualifying Shareholders may, subject to the terms and conditions of the Open Offer, subscribe for New Ordinary Shares pro rata to their existing shareholdings at the Issue Price (payable in full by no later than 11 a.m. on 8 July 2020) on the basis of 1 New Ordinary Share for every 4 Existing Ordinary Shares held by Qualifying Shareholders and registered in their name at the close of business on the Record Date.

Qualifying Shareholders may apply for any whole number of New Ordinary Shares up to their maximum entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST (and holdings in both certificated and uncertificated form will be treated as separate holdings).

The Firm Placing and Placing and Open Offer are conditional, among other things, on: (i) the passing of the Capital Raise Resolutions, which will be sought at the General Meeting; (ii) Admission becoming effective by not later than 8.00 a.m. on 10 July 2020 (or such later time and/or date as the Company and the Joint Bookrunners may agree, being not later than 8.00 a.m. on 27 July 2020); and (iii) each of the CD&R Subscription Agreement and the Sponsors and Placing Agreement otherwise becoming unconditional in all respects and not having been terminated in accordance with their respective terms before Admission. If any such conditions are not satisfied or, if applicable, waived, the Firm Placing and Placing and Open Offer will not proceed, any Open Offer Entitlements admitted to CREST will thereafter be disabled and application monies under the Open Offer will be refunded to the applicants. In these circumstances, the Firm Placing to the Firm Placees and the Placing to the Conditional Placees will not proceed.

It is expected that Admission will become effective, and that dealings for settlement in the New Ordinary Shares will commence, at 8.00 a.m. on 10 July 2020. Following the issue of the New Ordinary Shares to be allotted pursuant to the

Capital Raise, a Qualifying Shareholder that takes up its Open Offer Entitlements in full will be diluted by 37.4% as a result of the CD&R Investment and the Firm Placing. Shareholders who do not (or who are in the United States or an Excluded Territory and are not eligible to) participate in the Firm Placing and Placing and Open Offer will suffer a total dilution of up to 49.9% of their interests in the Company following the Capital Raise.

CD&R Investment & IKO Support

CD&R Sunshine S.à r.l. (CD&R) has agreed, subject to fulfilment of certain conditions, to subscribe for New Ordinary Shares in the aggregate amount of up to £94.0 million. Of this amount, £60.0 million has been committed by CD&R in respect of New Ordinary Shares at an issue price of £0.25 per share (the **CD&R Investment**). Further subscriptions of up to £34.0 million will be made by CD&R at the Issue Price under the Firm Placing (for an aggregate subscription amount of £20 million) and the Placing and Open Offer (for an aggregate subscription amount of up to £14 million, subject to clawback by Qualifying Shareholders under the Open Offer). The CD&R Investment is conditional upon the satisfaction (or waiver by CD&R) of certain conditions, including: (i) passing of the Capital Raise Resolutions; (ii) the Austrian competition authorities (Bundeswettbewerbsbehörde and Federal Cartel Prosecutor) not having requested an investigation of CD&R's proposed subscription for New Ordinary Shares (a waiver to this effect was received on the date of this Prospectus); and (iii) Admission occurring by no later than 8 a.m. on 31 August 2020. The issue price of £0.25 per share in respect of the CD&R Investment represents a discount of 3 pence (approximately 10.7%) to the closing price per Ordinary Share of 28 pence on 28 May 2020 (being the last Business Day before the announcement of the CD&R Investment).

The Company's largest shareholder, IKO Enterprises Limited (**IKO**), holding (together with its affiliates) 14.8% of the issued share capital of the Company as at 18 June 2020 (being the latest practicable date before publication of this Prospectus), has agreed with the Company in a deed of irrevocable undertaking dated 19 June 2020 that it irrevocably undertakes, conditional only on the Capital Raise being announced and it receiving an allocation of 65.4 million New Ordinary Shares under the Firm Placing at the Issue Price, to vote in favour of the Capital Raise Resolutions that it is entitled to vote on and to take up in full its Open Offer Entitlements. The ability of IKO to participate in the Firm Placing is subject to independent shareholder approval due to IKO's status as a related party for the purpose of Chapter 11 of the Listing Rules.

Why is this prospectus being produced?

In connection with the Capital Raise, the Company proposes to issue 589,999,995 New Ordinary Shares and expects to raise gross proceeds of £165 million (less expenses of approximately £11.9 million in connection with the Capital Raise). The Capital Raise is intended to deliver the Group's objectives to: (a) emerge from the COVID-19 crisis with the financial resources required to deliver its new strategy, recapture market share and strengthen the Group's position as a market leader across its operating businesses; (b) ensure access to capital that will provide the Group with greater certainty, flexibility and balance sheet strength to pursue future growth opportunities; (c) support the deleveraging of the Group's balance sheet, in line with the Board's medium-term target of covenant leverage of below 1.5x; and (d) avoid an Equity Failure Event - Event of Default under the Amended Debt Facilities Agreements. In order for the Capital Raise to proceed, the Capital Raise Resolutions must be passed by the Existing Shareholders at the General Meeting to be held on 9 July 2020, and this Prospectus includes notice of the General Meeting, including the proposed Capital Raise Resolutions. The Capital Raise Resolutions will give the Directors authority to: (i) issue and allot the New Ordinary Shares in connection with the Capital Raise without complying with the pre-emption rights in the Companies Act and at a discount to the closing price per Ordinary Share on the last business day before announcement of the CD&R Investment or the Firm Placing and Placing and Open Offer; and (ii) issue and allot the New Ordinary Shares to IKO (and/or its affiliates). The Additional Resolution will authorise a one-off payment to the CEO of £375,000. If the Additional Resolution is passed, the CEO will reinvest £150,000 of in New Ordinary Shares.

PART 2 RISK FACTORS

An investment in the Company and the New Ordinary Shares is subject to a number of risks. Accordingly, investors and prospective investors should carefully consider all of the information set out in this Prospectus including, in particular, the risks described below before making an investment in the New Ordinary Shares. The Group's business, financial condition, results of operations or prospects could be materially and adversely affected by any of the risks described below. In such cases, the market price of the Ordinary Shares may decline, and investors may lose all or part of their investment.

The risks below are all those which the Directors are aware of as at the date of this Prospectus and which they currently believe may materially affect the Company or Group. These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. The risks set out below are based on information known at the date of this Prospectus. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, may exist or become material and could adversely affect the Company or Group and could also have a material adverse effect on the Group's business, financial condition, results of operations and prospects. This Prospectus also contains estimates that involve risks and uncertainties. The Group's results may differ significantly from those previously estimated as a result of certain factors, including the risks which the Group faces, as described below.

The information given is at the date of this Prospectus and, except as required by the FCA, the Prospectus Regulation Rules or any other applicable law, will not be updated. Any forward-looking statements are made subject to the reservations specified under paragraph 6 ("Forward-Looking Statements") of Part 5 ("Presentation of Information") of this Prospectus.

1. RISKS RELATING TO THE PROPOSALS AND THE COMPANY'S INDEBTEDNESS

1.1 *The Company will be materially adversely affected and is at risk of not being able to continue as a going concern if the Capital Raise does not succeed.*

The Company is party to a multicurrency revolving credit facility agreement dated 1 October 2014 (as amended and restated from time to time) (the **Revolving Credit Facility Agreement**) and the Company has issued certain US private placement notes (the **Notes**) through a series of note purchase agreements dated 13 October 2013 and 17 June 2016 (as amended from time to time) (the **Note Purchase Agreements**, and together with the Revolving Credit Facility Agreement, the **Debt Facilities Agreements**).

On 18 June 2020: (i) the Company, the lenders under the Revolving Credit Facility Agreement (the **RCF Lenders**) and the other parties to the Revolving Credit Facility Agreement entered into an amendment and restatement agreement in respect of the Revolving Credit Facility Agreement and (ii) the Company and the holders of the Notes (the **Noteholders**) entered into amendment and restatement agreements in respect of each Note Purchase Agreement, in each case reflecting the terms of certain agreed amendments of covenants and other terms of the Debt Facilities Agreements (such amendments, the **Amendments**, and the Debt Facilities Agreements as so amended and restated, the **Amended Debt Facilities Agreements**).

The Capital Raise is conditional on, among other things, the Capital Raise Resolutions being passed at the General Meeting, and if the Capital Raise Resolutions are not approved, the Capital Raise will not be able to proceed. If the Capital Raise Resolutions are not approved by the requisite percentage of members of the Company by 24 July 2020, the Capital Raise will not be able to proceed and an equity failure event under and as defined in each Amended Debt Facilities Agreement (an **Equity Failure Event**) will occur.

Even if the Capital Raise Resolutions are passed, failure of the Capital Raise to proceed, or to raise gross proceeds of at least £125 million by 29 July 2020, will also constitute an Equity Failure Event. Should the

Capital Raise proceed and raise gross proceeds of at least £125 million, no Equity Failure Event will be triggered and the Company will have sufficient working capital for the next 12 months.

However, the Capital Raise relies heavily on the investment contribution of CD&R, £60 million of which is not underwritten, in order to raise the anticipated gross proceeds of at least £125 million. Moreover, in addition to the events set out above, an Equity Failure Event will also occur and the Capital Raise would not occur in its present form and on the basis presented in this Prospectus, and Admission of the Shares to trading would not occur if the CD&R Subscription Agreement or the Sponsors and Placing Agreement are terminated or fail to become effective in accordance with their respective terms, in each case, before the closing of the Capital Raise.

The occurrence of an Equity Failure Event will lead to an event of default occurring under each Amended Debt Facilities Agreement 10 business days thereafter. If an Equity Failure Event occurs, the Company is required, no later than 5 business days thereafter, to provide a deleveraging plan for the approval of the RCF Lenders and the Noteholders. Any deleveraging plan is required to include: (i) the Company's up to date business plan produced on the basis of an Equity Failure Event and the Company's assessment of the COVID-19 situation at the time of the production of such business plan; (ii) the Company's proposed capital structure in light of such business plan; (iii) the actions which the Company intends to pursue to ensure a deleveraging of the Group's balance sheet (including any disposals proposed to be made any member of the Group and the assumed value range in respect of each such disposal); (iv) the Company's requests of the RCF Lenders and Noteholders in light of the same; and (v) the Company's proposals to grant security in favour of the RCF Lenders, the Noteholders and trustee of the UK defined benefit pension scheme (the **Pension Scheme**) on the basis of principles to be agreed; and (vi) the Company's latest 13 week cashflow forecast and the proposals to meet its immediate liquidity requirements over the period of such forecast.

If an Equity Failure Event is not waived by the requisite majority of the RCF Lenders and by each Noteholder, the RCF Lenders and the respective Noteholders would be entitled to accelerate and demand repayment in full of the amounts outstanding under the respective Amended Debt Facilities Agreements (including principal and accrued interest). The principal amounts outstanding under Amended Debt Facilities Agreements as at the date of this Prospectus are £70 million under the Revolving Credit Facility Agreement and EUR181 million and USD30 million in respect of the Notes. The Group would then have an immediate liquidity need in an amount equal to such amounts net of any available cash then on hand. In such circumstances, the RCF Lenders and the Noteholders would also be entitled to make demand against various Group companies who have provided guarantees in respect of the Amended Debt Facilities Agreements. Following any such demand, the Group does not expect to have the funds available to repay such amounts at that time. In such circumstances, in the absence of being able to successfully agree or implement any of the alternatives discussed below, the Group would be unable to continue as a going concern.

Alongside the provision of a deleveraging plan to the RCF Lenders and Noteholders, the Company would immediately engage with the RCF Lenders and Noteholders to determine any basis upon which they may be prepared to continue to support the Group, if at all, in the absence of any further capital in the short term. As a result, if the Capital Raise does not proceed or fails to raise gross proceeds of at least £125 million by 29 July 2020 or an Equity Failure Event occurs otherwise, the Group would first seek to renegotiate the terms of the Amended Debt Facilities Agreements with the RCF Lenders and the Noteholders to secure waivers of the Equity Failure Events which had occurred and further accommodation (including the ability to make further drawings under the Revolving Credit Facility Agreement to meet the Group's liquidity requirements) to enable the Group to continue to trade as a going concern. However, the Group may be unable to obtain such waivers and further accommodation from the RCF Lenders and/or the Noteholders, either at all or without significant cost to the Group in the form of additional fees payable to the RCF Lenders and the Noteholders, increased coupon payments and/or additional restrictions on corporate actions (e.g. in respect of acquisitions and disposals), which could adversely affect or delay implementation of the Group's strategies. Without the proceeds of the Capital Raise, any amendments to the Amended Debt Facilities Agreements may only serve as a short-term solution that would not fundamentally address the Group's balance sheet and liquidity concerns in the longer term.

If the RCF Lenders and/or the Noteholders did not agree to waivers of the applicable Equity Failure Event and to provide further accommodation (including the ability to make further drawings under the Revolving Credit Facility Agreement to meet the Group's liquidity requirements) on commercially acceptable terms to enable the Group to continue to trade as a going concern, the Group may seek alternative long-term committed debt facilities to refinance the £70 million outstanding under the Revolving Credit Facility Agreement and/or the EUR181 million and USD30 million outstanding under the Notes, including any make-whole premiums payable under the relevant Notes, and to provide access to further funding to meet the Group's liquidity requirements and to enable the Group to continue to trade as a going concern. The terms of any such new facilities, if available at all, would likely be more expensive and onerous than those which currently apply under the Amended Debt Facilities Agreements. If alternative committed debt facilities could not be secured on commercially acceptable terms, or at all, then the Group could try to secure other forms of funding, such as through a debt and equity restructuring, which may result in a significant dilution of Existing Shareholders' equity interests in the Company or, could result in Existing Shareholders losing the entire value of their equity interests in the Company and/or its operating businesses (for example as may be the case were the Group's operating businesses transferred to a newly established vehicle owned by the RCF Lenders and/or the Noteholders via an administration of the Company). The Group could also take action to effect disposals of assets (such as the disposal of one or more of the Group's operating businesses to facilitate a reduction of the Group's outstanding indebtedness) or a merger or acquisition transaction involving the Company. However, the Amended Debt Facilities Agreements restrict the Group's ability to make any such disposals and enter into such merger or acquisition transactions and the Group would need to receive the approval of the RCF Lenders and the Noteholders to make any such disposals or enter into such merger or acquisition transactions, which approval could be withheld.

As any of the above options would require the participation, agreement or approval of external parties, the Directors are not confident that any such alternative courses of action could be achieved in the limited time available on commercially acceptable terms, or that they ultimately would be successful. If the Company fails to secure any alternative funding on commercially acceptable terms and/or is otherwise unable to successfully pursue any of the above options on commercially acceptable terms, or at all, within the required time, the Company will cease to be able to operate as a going concern and the Board may, as a result, decide to place the Company into administration or petition the court for the compulsory liquidation of the Company, or the Company's creditors may petition the court for the administration or compulsory liquidation of the Company. If the Board is required to place the Company into administration or liquidation, debts would become due from the Group to its Pension Scheme under section 75 of the Pensions Act 1995 which would result in the trustees of that scheme having a substantially higher claim on the remaining assets of the Group. See paragraph 2.10 "*The Group operates a number of funded and unfunded defined benefit pension schemes and schemes with related obligations in certain of its operating jurisdictions.*" Insolvency proceedings under the laws of the relevant jurisdictions may also be commenced with respect to subsidiaries of the Company which are guarantors under the Amended Debt Facilities Agreements. This could result in Existing Shareholders losing part of or all of their investment in the Company.

1.2 *The Group may breach the terms of the amended covenants in the Amended Debt Facilities Agreements over the long term.*

The Amendments have been sought in accordance with the Company's present business plan (including its new strategy) and in light of its current expectations of future trading. In particular, the financial covenants under the Debt Facilities Agreements have been amended so as to delete the previous interest cover, leverage and consolidated net worth covenants, and replace these with: (i) initially, commencing with the month beginning 1 July 2020, a revised consolidated net worth covenant and new consolidated net borrowings and liquidity covenants, each of which are to be tested until (and including) 28 February 2022; and (ii) thereafter, commencing with the quarter ending 31 March 2022, consolidated net worth, liquidity, leverage and interest cover covenants (collectively, the **Revised Covenants**). Although the Company does not expect to breach the Revised Covenants, based on the Company's present business plan (including its new strategy) and expectations of future trading, there is no assurance that, in the long term (upon the successful completion

of the Capital Raise), the Company will be able to continue to satisfy the requirements of its Revised Covenants over the long term (that is, beyond the period ending 12 months from the date of this Prospectus). Whilst the Company contemplates a reduction in its leverage over time following the Capital Raise in accordance with its business plan and new strategy, it may fail to achieve this reduction as a result of various factors, including market conditions (in particular the continuing impact of the global COVID-19 pandemic on trading), the failure to implement its new strategy, or for other reasons. See paragraphs 2.1 (“*The Company is dependent on its ability to successfully implement its new strategy*”); and 2.4 (“*The Group's markets, customers and suppliers are exposed to risks associated with economic downturns, including the current COVID-19 worldwide pandemic.*”).

If, over the long term (that is, beyond the period ending 12 months from the date of this Prospectus), the Company breaches its Revised Covenants under, or any other terms of, the Amended Debt Facilities Agreements due to the factors mentioned above, or for other reasons, and the relevant breaches were not waived by the requisite majority of the RCF Lenders and by each Noteholder, such creditors will have the right to accelerate and make demand for payment of their debt, which the Company is unlikely to be able to satisfy. The auditor’s report on the Group’s 2019 Financial Statements is unqualified, but contains a material uncertainty in respect of going concern to which the auditor drew attention by way of emphasis without modifying their report. In assessing the going concern assumptions for 2019, the Board reviewed the base case plans, identified reasonable worst case downsides and anticipated receipt of proceeds from the Capital Raise. If, in the long term, (that is, beyond the period ending 12 months from the date of this Prospectus), as discussed above, the Group’s creditors accelerate and make demand for payment of their debt, unless the Company is able to secure alternative funding to refinance the debt under the Amended Debt Facilities Agreements on commercially reasonable terms or to effect disposals of assets (such as the disposal of one or more of the Group’s operating businesses to facilitate a reduction of the Group’s outstanding indebtedness) or is able to agree a merger or acquisition transaction involving the Company, the Company will cease to be able to operate as a going concern and the Board may, as a result, decide to place the Company into administration or petition the court for the compulsory liquidation of the Company, or the Company's creditors may petition the court for the administration or compulsory liquidation of the Company. Insolvency proceedings under the laws of the relevant jurisdictions may also be commenced with respect to subsidiaries of the Company which are guarantors under the Amended Debt Facilities Agreement. This could result in Shareholders losing part of or all of their investment in the Company.

1.3 *The Company’s indebtedness could limit the Group’s financial flexibility and growth opportunities going forward.*

Following the Amendments becoming effective, and subsequent completion of the Capital Raise, the Company’s business plan (including its new strategy) contemplates a reduction in leverage over time. The Revised Covenants under the Debt Facilities Agreements have been agreed (pursuant to the Amendments) with headroom calculated based on such a reduction. However, continued compliance with the Revised Covenants, given the amount of the Company’s indebtedness, could limit the Group’s financial flexibility and growth opportunities going forward.

The Group’s existing level of indebtedness (including its factoring arrangements) and the covenants which apply or may apply to it under the Revised Covenants as a result of the Amendments may have important consequences, including:

- causing the Group to reprioritise the uses to which its capital is put to the potential detriment of the Group’s business needs, which, depending on the level of the Group’s borrowings, prevailing interest rates and exchange rate fluctuations, could result in reduced funds being available for the implementation of the new strategy, or for dividend payments and other general corporate purposes over the long-term;
- exposing the Group to the risk of increased interest rates and corresponding increased interest expense for its indebtedness that has variable rates of interest;

- limiting the Group's flexibility in planning for, or reacting to, changes in technology, customer demand, competitive pressures and the markets in which it operates;
- placing the Group at a competitive disadvantage compared to its competitors, who may be less leveraged and restricted by financial covenants than the Group;
- increasing the Group's vulnerability to both general and industry-specific adverse economic conditions;
- limiting the Group's ability to refinance its indebtedness upon maturity or to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions, and general corporate or other purposes;
- making it more difficult to satisfy the Group's obligations under the terms of its indebtedness; and
- increasing the cost of servicing the Group's borrowings in the event such covenants are renegotiated.

The factors above, or other factors, could result in the Group experiencing limited financial flexibility and constraints on implementing its new strategy and pursuing growth opportunities. See also paragraph 1.2 (“*The Group may breach the terms of the Revised Covenants in the Debt Facilities Agreements over the long term.*”) above.

1.4 The Group uses financial instruments, which give rise to interest rate and foreign currency risk.

The nature of the Group's financial indebtedness also leads to interest rate and foreign currency risks.

Interest rate risks: The Group's exposures to changes in interest rates result from investing and borrowing activities undertaken to manage liquidity and capital requirements and stem predominantly from debt obligations. Borrowing costs are managed through employing a mix of fixed and floating rate debt and derivative financial instruments, where appropriate. As at 31 December 2019, the Group had outstanding net debt of £162.8 million (pre IFRS 16), compared to £189.4 million as at 31 December 2018. The percentage of gross debt (post IFRS 16) at fixed rates of interest as at 31 December 2019 was 87% (compared to 88% as at 31 December 2018). An increase in LIBOR interest rates or an increase in the margins on which finance can be obtained would increase the Group's financing costs on the unhedged portion of its floating rate debt and, consequently, adversely affect the Group's business, financial condition and results of operations.

Foreign currency risks: Given the geographic diversity of the Group, a significant proportion of the Group's revenues, expenses, assets and liabilities are denominated in currencies other than the Pound Sterling, which is the Group's reporting currency, principally the Euro (**EUR**) and Polish Zloty (**PLN**). Whilst the Company believes that the Group benefits from natural hedges (with only a small percentage of its sales and purchases being cross-currency, and 52.2% of its indebtedness being denominated in Pounds Sterling and 47.8% being denominated in Euro (including its U.S. dollar indebtedness, which is hedged through cross-currency swaps into Euros) as at 31 December 2019), if the Pound Sterling strengthens, it could increase the Group's costs in servicing the debt from Euro denominated cash flows. Furthermore, from year to year, adverse changes in the exchange rates used to translate these and other foreign currencies into Pound Sterling have impacted and will continue to impact the Group's consolidated results and net worth. The Group may not succeed in effectively managing these foreign currency risks.

2. RISKS RELATING TO THE COMPANY'S BUSINESS AND INDUSTRY

2.1 *The Company is dependent on its ability to successfully implement its new strategy.*

The Group's financial performance, future prospects and ability to meet its targets depend significantly on its ability to successfully implement its business plan, including the new strategy. Whilst the Group had pursued various cost and debt reduction programmes from 2009 to 2016, in 2017, the cost and debt reduction strategy was sustained under the heading of a new operating model: realigning the Group to more centralised functional structures in each operating company, and thereby increasing operational efficiency, lowering inventory levels and restoring profitability. This strategy also prompted the closure or disposal of a number of peripheral, non-core business activities, and included Group price increases in an effort to preserve margins. However, although there was some growth in profitability over this period, the Company believes that this masked underlying damage to the Group in certain geographies. In the UK and Germany in particular, the prevailing cost and debt reduction strategy had led to the erosion of key unique selling points (**USPs**) for a fundamentally sales-led organisation, namely customer proximity, service and expertise. Furthermore, the blanket price increases, aggressive branch rationalisation and headcount reduction strategy resulted in weakened customer relationships, while the centralisation of key commercial functions caused a lack of visibility, autonomy and accountability at branch level. These factors contributed to talent (including senior sales people), customers and ultimately sales moving to competitors with a resulting loss of market share. This decline in sales accelerated during the second half of 2019 in the UK exacerbated by increasing political and macro-economic uncertainty leading up to the UK General Election, with Germany also experiencing a reduction in sales over the same period.

Following the appointment of Steve Francis as Chief Executive Officer and Kath Kearney-Croft as interim -Chief Financial Officer in February 2020, the Board conducted an in-depth review of the factors leading to the deterioration in the Group's performance in the second half of 2019 and developed a new strategy that reprioritised strong customer-centric values and sales. The new strategy seeks to recapture market share and establish strong customer relationships by empowering and energising key account and branch teams, and promoting an entrepreneurial spirit throughout the organisation. However, the new strategy has yet to be fully implemented and may fail to produce anticipated results. The Group's ability to achieve the intended benefits of its new strategy, within expected time frames is subject to various estimates and assumptions. These estimates and assumptions are subject to significant economic, competitive, legal and other uncertainties, some of which are beyond the Group's control, including:

- unforeseen difficulties in operations, technologies, products, services, accounting and personnel;
- increased cybersecurity risks;
- potential loss of key employees or inability to attract new employees;
- lack of engagement with suppliers/restricted supply of key products;
- unanticipated competitive responses; and
- potential loss of customers.

If these estimates and assumptions are incorrect, if the Group experiences delays, or if other unforeseen events occur, the Group's business, financial condition and results of operations could be adversely impacted.

2.2 *The Group may not be able to successfully anticipate, manage or adapt to technological changes, in particular with respect to the implementation of improved financial and operational systems, which may increase the Group's costs and decrease the quality of the Group's operational processes.*

The Company believes that its future operations and competitive position will require the procurement, development and implementation of improved financial and operational systems. In 2017, the Group recognised the need for new financial and operational systems and intended to update the Group's systems for finance, purchasing, inventory, warehousing and sales activities, among others, primarily in France and Germany but with some modules intended for the UK businesses as well. The project was approved to start in April 2019. Although two modules have been successfully implemented in the UK, the overall programme experienced significant delays in France and Germany during the design phase, resulting in concern over the benefits case before implementation. As a result, operations in both France and Germany continue to rely on their current systems that are inefficient and older, which can make them less reliable. The Group expects that these legacy systems will continue to be in use until new financial and operational systems are implemented. If the Group is unable to successfully update such financial and operational systems in those locations where most needed, it may contribute to operational inefficiencies, higher costs, and potentially in customer and staff dissatisfaction.

The Company intends to lead the industry in the adoption of e-commerce and the development of digital intimacy, providing an additional channel through which to strengthen relationships with customers who demand and value it. Accordingly, over the past several years, SIG has been investing in an enhanced digital platform to complement telephone and branch sales and establish an omni-channel and has seen initial progress in its businesses in Poland and to a limited extent in the UK. Although such technologies are currently not common in the construction industry, there is no assurance that such platforms will not be required in the future, and that the Group will be successful in anticipating, managing or adapting to such a platform in a successful manner or at all, whether due to lack of available capital resources, lack of management resources or otherwise. Moreover, the Group's current or future competitors may develop technologies that allow them to deliver better customer service and operate more efficiently and thereby reduce operating costs. Such technologies could make the Group's processes and systems obsolete on a comparative basis. If the Group is unable to provide technological platforms that are comparable to those of its competitors, it may lose market share.

Furthermore, improvements in and changes to digital solutions may be more costly than initially anticipated, or can lead to operational issues if new or upgraded digital solutions fail to operate as expected. Any failure to implement or upgrade digital solutions when needed, or cost overruns or operational issues arising in connection with such upgrades, could have a material adverse effect on the Group's business, financial condition and results of operations.

2.3 The Group's operations, including its operational performance and the welfare of its staff may be impacted by the spread of the coronavirus/COVID-19.

The ongoing COVID-19 (coronavirus) pandemic, and measures by governments in all the Group's operating markets to restrict economic and business activity in response, have had (and continues to have) a significant impact on the Group's operations. The impact of the coronavirus pandemic on the Group's business is likely to vary materially by geographic location, in part dependent on the time taken to contain the virus. In particular, the COVID-19 pandemic has already affected, and is expected to continue to adversely impact, the Group's sales, revenue and cash flow. However, revenue losses are only part of a broader potential set of financial and operational impacts on the Group. See paragraph 2.4 (“*The Group's markets, customers and suppliers are exposed to risks associated with economic downturns, including the current COVID-19 worldwide pandemic*”). An anticipated fall in revenues as a result of the pandemic may lead to a further decline in the Group's share price and its market capitalisation. See also paragraph 3.9 (“*The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, many of which will be out of the Group's control.*”) The remedial actions undertaken by the Group to mitigate the impact, such as furloughing over 2,000 employees in the UK, temporarily closing the majority of trading sites across the UK and Ireland, temporary pay reductions for both staff and senior management not on furlough (reduced up to 20%) and Directors (reduced by up to 50%), accessing governmental support (in the form of employment support, tax and social security deferrals), assessing whether to apply for government loans in the UK, France and Germany, putting on hold certain capital expenditure intensive projects, including major IT projects,

active management of working capital across customers, trade suppliers and non-trade suppliers, requesting support from landlords, and engaging in discussions with large trade suppliers in order to maintain continuity of supply while netting rebates and agreeing slower payment plans where possible, and not paying the 2019 full year dividend, may fail to provide sufficient benefit.

The impact of the COVID-19 pandemic may also result in a delay in implementation of the Group's new strategy with a corresponding impact on revenue growth and recovery of market share. Moreover, the cost-saving measures employed as a part of the previous cost and debt reduction strategies in prior years may limit to the Group's ability to employ, or the willingness of employees to accept, further cost saving measures to mitigate the economic effects of the COVID-19 pandemic. The impact of the virus may result in the absence of key personnel which in turn may compromise the Group's operational resilience. This may mean that the Group is unable to manage its operational or credit risks which may result in an operational or control failure and may result in regulatory sanctions.

The COVID-19 pandemic has disrupted and will likely continue to disrupt the Group's operations, for example by requiring quarantines of its employees in response to governmental or health authority advice. In light of government guidance, the Group temporarily closed its UK and Irish businesses and selected branches of other operating companies from mid-March to mid-May of 2020, resulting in significantly lower trading when compared to normal periods. Governmentally-mandated quarantines, self-quarantines or staff illness may also result in key staff being absent from work going forward. Any continued or renewed suspension of the Group's business operations at its trading sites will affect the Group's overall business and results of operations. A prolonged economic downturn from the negative effects of the virus could also result in the Group reducing its workforce or incurring charges by way of staff long-term sick pay.

In certain countries, the movement of individuals may continue to be restricted by government authorities going forward, and this may impact the ability of the Group's employees to work. The Group's business is not capable of being operated or managed in the medium to long-term with the majority of its employees working remotely or by video, or tele-conference and any such prolonged restrictions on movement or travel may therefore have a significant adverse impact on the Group's business, financial condition and results of operations.

Furthermore, even once COVID-19 conditions begin to improve and the initial quarantine guidelines are reduced or lifted, the Group may not be able to regain its operational momentum. For example, the Group's suppliers may have shut down their manufacturing during the quarantines and may be unable to supply the Group's products in a timely manner or at all. See paragraph 2.4 (*"The Group's markets, customers and suppliers are exposed to risks associated with economic downturns, including the current COVID-19 worldwide pandemic"*) and paragraph 2.8 (*"Suppliers may not continue to supply products to the Group on commercially acceptable terms or at all"*). Furthermore, there may be future waves of COVID-19 or similar diseases that lead to additional quarantines with comparable or even stricter limitations on activity and movement which could have a significant adverse impact on the Group's business, financial condition and results of operations.

2.4 *The Group's markets, customers and suppliers are exposed to risks associated with economic downturns, including the current COVID-19 worldwide pandemic.*

As the Group's operations are based in Europe, with its most significant markets being the UK, Germany, France, as well as Ireland, Poland, Belgium and the Netherlands, the performance of the Group is influenced by economic conditions in those markets. In 2020, the COVID-19 pandemic has contributed to severe and ongoing difficulties in the economies of the Group's key markets, including the construction industry.

In response to market instability and illiquidity, a number of governments, including those in the UK, Germany and France have intervened in order to inject capital into, and generate additional liquidity in, their respective economies to promote stability. In spite of ongoing efforts by these governments to stabilise their

economies, multiple of the Group's countries of operation including the Germany and France are currently in recession. The UK is also expected to be in a technical recession by the end of June 2020.

Furthermore, the broader economic downturn in light of the COVID-19 pandemic, could result in reduced construction activity, lower demand for the Group's products and increased incidence of customers' inability to pay their accounts, even after the COVID-19 pandemic has ended. Moreover, the economic downturn combined with social distancing and quarantine orders in various countries, which restricted individuals' ability to engage in "non-essential" commercial activity, including construction activity in some instances, has resulted in large sections of the Group's end-markets, including the UK, Ireland and France, experiencing a severe reduction in sales. See also paragraph 2.3 (*"The Group's operations, including its operational risks and the welfare of its staff may be impacted by the spread of the coronavirus/COVID-19."*). Although the estimated impact on the European construction market in 2020 varies widely across sectors, countries and sources, the UK market is expected to be more severely impacted than certain other European markets. For example, the Company believes that at the end of April 2020, UK construction activity declined to its lowest level since 1997 (with civil engineering and commercial activity being among the most severely affected.)

The Group's products are primarily used in the markets for residential and non-residential construction. Demand for certain of the Group's products is affected in particular by the level of new construction in the UK, Germany, France and elsewhere, although typically not until a number of months after the change in the level of construction. For example, demand for certain interior products, such as plasterboard, PIR insulation and damp proof membranes, is highly correlated with new housing starts. Even before the COVID-19 pandemic, the Group had already reported an ongoing deterioration during 2019 in the level of construction activity in key markets, which exacerbated the internal operational challenges the Group was facing. See paragraph 2.1 (*"The Company is dependent on its ability to successfully implement its new strategy"*) Furthermore, there may be a further weakening of the construction industry in 2020, especially in light of ongoing uncertainties resulting from the COVID-19 pandemic. Lower demand in the regions and markets where the Group's products are sold, as a result of measures by governments in all the Group's operating markets to restrict economic and business activity in response to the pandemic, is anticipated to result in lower revenues and lower profitability for as long as such governmental measures restrict construction activity. Some of the Group's customers may be reluctant to embark on construction projects in the current market due to the general view that property values will decrease or due to the unavailability of debt financing, low investor confidence and concern that the economic downturn will adversely affect occupational demand and rental growth. Historically, construction activity has been cyclical and is influenced by prevailing economic conditions, including the level of interest rates and availability of financing, inflation, foreclosure rates, employment levels, tax laws, consumer spending habits, consumer confidence and other macroeconomic factors outside the Group's control. The Company believes that the specific drivers of activity in the Group's market sectors which have been adversely affected in 2020 include: housing transactions; new housing builds; repair, maintenance and improvement (**RMI**) activity; the extent of unsold new housing inventory; the availability of credit; unemployment; and consumer spending and confidence. These factors could result in the possible disruption or curtailment of construction activity which in turn could reduce demand for the Group's products and have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, the Group is exposed to the risk of default by customers who have agreed to purchase products or services from the Group, suppliers who have agreed to supply goods and/or pay rebates to the Group, and others with whom the Group has entered into financial and other arrangements. A number of the Group's customers and suppliers have been and may continue to be adversely affected by the worldwide pandemic, quarantine orders, financial crisis, disruptions to the capital and credit markets and decreased demand for their products and services. For example, the Group's exposure to default by counterparties, such as through contracts with suppliers under which rebates would be due to the Group, may increase if economic conditions further deteriorate. Moreover, the Group may be unable to source supplies in a sufficient quantity or on time, especially where suppliers have shut down manufacturing sites and furloughed employees. If such supply disruptions were to occur, the Group may not be able to develop alternative sources quickly on commercially

reasonable terms, or at all. Any disruption of the availability of the Group's products caused by an unexpected supply chain disruption, even for a relatively short period of time, could cause the Group to alter delivery schedules or suspend the sale of certain products entirely. In the event that any of the Group's key customers or suppliers, or a significant number of smaller customers and suppliers, are further adversely affected by these risks, the Group may face further reductions in revenue, loss of additional customers, failure of customers to pay invoices when due and disruptions in supply which may have a material adverse effect on the Group's business, financial condition and results of operations.

Moreover, as the majority of the Group's net sales volume is facilitated through the extension of trade credit to the Group's customers, significant customer bankruptcies or similar events caused by the economic and trading environment during the pandemic may result in a higher level of bad debt expense than the Group has historically experienced. Moreover, as the majority of the Group's net sales volume is facilitated through the extension of trade credit to the Group's customers, significant customer bankruptcies or similar events caused by the economic and trading environment during the pandemic may result in both a deterioration in debtor days outstanding and a higher level of bad debt charge expense than the Group has historically experienced. This could have a material adverse effect on the Group's business, financial condition and results of operations. In addition, credit insurers may refuse to insure the Group's debt in future or make it more difficult to make claims.

It is not possible to predict accurately the duration of the current market conditions resulting from the pandemic, or the timing or strength of any future recovery of the economies in the Group's countries of operation. It is also not possible to provide any assurances that current market conditions and the relevant economies will not weaken further or that the new strategy and the measures the Group has implemented to address the current market conditions will be sufficient. Residential and non-residential spending and markets are sensitive to changes in the economy, meaning further downturns or continued weakness in the Group's market sector and the relevant economies could have a material adverse effect on the Group's prospects, financial condition and results of operations. There may also be significant fluctuations in the Group's operating results and the results for any period may not be indicative of results for any future period.

2.5 *The Group may experience difficulty in attracting and retaining talent which may undermine the execution of its new strategy.*

Since 2017, the Group has experienced significant turnover of staff at all levels, including key skilled employees, through voluntary departures and redundancies, including as a result of centralisation of certain commercial functions under previous cost and debt reduction efforts. See paragraph 2.1 (“*The Company is dependent on its ability to successfully implement its new strategy*”). The recruitment and retention of talent is fundamental to growing revenues, restoring customer relationships, regaining market share and delivering the Group's new strategy. Whilst the Group has started to implement new processes to support recruitment and development of individuals and recently launched a new culture programme to encourage new behaviours, failure to effectively recruit and retain talent may result in a deterioration in competitive advantage, resulting in a material impact on the Group's operations and ultimately on its financial condition.

The maintenance of positive employee and trade/labour union relations is key to the successful operation of the Group. Some of the Group's employees, including in France, Germany, Belgium, and the Netherlands are represented by trade/labour unions or works councils under various collective or other agreements. For unionised employees or other organised groups of employees, the Group may not be able to renegotiate satisfactorily the relevant collective agreements upon expiration and may face tougher negotiations and higher wage demands than would be the case for non-unionised or unorganised employees. In addition, existing labour agreements may not prevent a strike or work stoppage with any such activity creating reputational risk and potentially having a material adverse effect on the Group's business, financial condition and results of operations.

2.6 *The Group's sales may fall rapidly in response to declines in demand because the Group does not operate under long-term volume agreements to supply its customers and because of customer concentration in certain segments.*

Many of the Group's customer volume commitments are short-term. As a result, the Group does not benefit from the visibility provided by long-term volume contracts against downturns in customer demand and sales. Further, the Group is not able to immediately adjust its costs in response to declines in sales. In addition, if a significant number of the Group's customers experience financial pressure or consolidate, they could attempt to demand more favourable contractual terms, which would place additional pressure on the Group's margins and cash flows. Lower demand for the Group's products, loss of a significant number of customers and material changes to contractual terms could materially and adversely impact the Group's business, financial condition and results of operations. Furthermore, some of the Group's sales are concentrated in certain geographic areas, including major metropolitan areas such as London and Paris and market growth that is skewed to other geographic areas may negatively impact the Group's rate of growth or market share.

2.7 *The Group operates in a highly competitive environment and it may not be able to compete effectively, resulting in a loss of market share.*

The sectors or markets in which the Group operates are highly competitive. The principal competitive factors are: (i) pricing strategies; (ii) customer service; (iii) product availability; (iv) availability of credit; and (v) technical product knowledge with respect to application and usage. The Group competes with a wide variety of suppliers of specialist building materials of varying sizes. The Group also faces the risk of new entrants to any of its markets, including from businesses currently only operating in overseas markets. Actions taken by the Group's competitors, as well as actions taken by the Group to maintain its own competitiveness and reputation for value for money, have placed and may continue to place pressure on the Group's product pricing, margins and profitability. For example, in 2019 the Group attempted to focus on margins and raised its prices, particularly in the UK, which was received poorly by many customers, contributing to a loss of market share in those operations. The Group's market share in the UK specialist distribution market declined significantly between 2018 and 2019 overall (in a relatively flat overall market), including for categories such as drywall, HVAC and partitions. Some of the Group's competitors may have access to some or all of the following: closer relationships with customers, superior product knowledge, greater financial resources, more effective technological resources, greater purchasing economies and lower costs, any of which may give them a competitive advantage and may adversely impact the Group's sales, profits and margins.

Competitive conditions can be particularly acute in declining markets, when market participants sometimes increase pricing pressure through promotional activities to maintain or increase their sales volume and market share. In the current economic environment, the Group's competitors may resort to particularly aggressive actions to hold or increase their market share, for example pricing benchmark products below cost in order to attract customers. No assurance can be given that the Group will be able to respond effectively to such competitive pressures. Increased competition by existing and/or future competitors, including through the use new digital tools, business models and other forms of digital disruption, could result in reductions in sales, prices, volumes and gross margins that could materially adversely affect the Group's business, financial condition and results of operations. Furthermore, the Group's success may depend, in part, on its ability to gain market share from competitors.

A number of the products sold by the Group, particularly in the roofing business and with respect to certain technical aspects of insulation, compete with other building products that do not feature in the existing product range. The Group must continue to find new products that meet changing consumer preferences and successfully market these new products. Any significant shift in demand preference from the Group's existing products to substitute products, which the Group cannot purchase and distribute in a timely manner, could adversely impact market share and the Group's business, financial condition and results of operations.

2.8 *Suppliers may not continue to supply products to the Group on commercially acceptable terms or at all.*

The Group distributes insulation products, exteriors roofing products, interior products and specialist construction products from a number of suppliers. The ability of the Group to supply those products to its customers depends on its ability to procure them from suppliers. The Group's top 5 suppliers accounted for 40.1% of the Group's underlying cost of sales in 2019. Although no single supplier accounted for more than 12% of the Group's total material and supply purchases by value during 2019, the Group may still experience product shortages as a result of unexpected demand, production difficulties, transportation restrictions, or any plant closures during the current economic downturn associated with the COVID-19 pandemic. See paragraph 2.4 (*"The Group's markets, customers and suppliers are exposed to risks associated with economic downturns, including the current COVID-19 worldwide pandemic"*). If the Group is unable to obtain sufficient products from suppliers, at all or on commercially acceptable terms, the Group's business would be materially adversely affected.

As a consequence of the current economic downturn associated with the COVID-19 pandemic, some suppliers and potential suppliers have been facing difficulties in obtaining sufficient credit insurance on their receivables; this may affect their willingness to continue extending favourable credit terms to the Group and, in some limited cases, some have already required prepayments from the Group. If prepayments from the Group to these suppliers are not forthcoming, they may opt to cease to supply their products to the Group. If suppliers do demand prepayments, and the Group elects not to make them, it will need to find alternative suppliers for the relevant products. If such products cannot be sourced from another supplier, the Group will lose customers and revenue. If suppliers demand prepayments and the Group elects to make them, this could adversely impact the Group's working capital position and therefore may increase its debt levels. To the extent the Group's available cash is limited in the longer term, and to the extent that any such prepayments adversely affect the Group's cash flows and working capital, the Group may not be able to procure products from suppliers or it may have to procure products on less favourable terms. Also, due to the economic downturn, there is a risk that the number of available suppliers in the industry may be reduced due to insolvencies, which could thereby limit the availability of suppliers and further limit the Group's ability to obtain or negotiate favourable terms with suppliers.

2.9 *The Group's faces risks associated with the accounting of supplier rebates.*

The terms on which the Group purchases products from many of its suppliers entitle it to receive a rebate based on the volume of its purchases. The Group recognised supplier rebate income of £245.2 million in 2019, compared to £318.1 million in 2018. These rebates effectively reduce the Group's cost of sales for products. However, the accounting treatment of rebates can be complex and involve significant accounting judgments. Accounting misstatements from rebates can have significant financial, reputational, legal and regulatory consequences, including fines. In 2018, the Group discovered a historic accounting error regarding its accounting treatment of rebates that had occurred in the first half of 2017 and the preceding years. The error led to an overstatement of profits of £2.5 million in the first half of 2017. Although the Group restated the affected financial statements, including the 2017 Financial Statements, and the Company has also since reviewed and revised its controls in each of its operating businesses, strengthening controls where required, the Group may experience accounting inaccuracies from rebates in the future and may experience financial, reputational or regulatory consequences.

2.10 *The Group operates a number of funded and unfunded defined benefit pension schemes and schemes with related obligations in certain of its operating jurisdictions.*

The Group operates six defined benefit pension schemes, the largest of which is a funded scheme held in the UK which was closed to new members and future accrual of benefits in June 2016 (the **UK Scheme**). The remaining five defined benefit pension schemes (the **Overseas Schemes**) are unfunded book reserve schemes held in the Group's mainland European businesses, for which the Group will have future obligations to make payments to beneficiaries, but for which no assets are required to be set aside to fund those obligations. The UK Scheme is currently underfunded, necessitating additional cash contributions or other forms of remediation either in accordance with legislative requirements or as agreed with the relevant regulators or scheme trustees (as applicable). As at 31 December 2019, the combined liability before taxation

in the Group's defined benefit pension schemes on an IAS19 basis was £24.8 million of which £15.9 million was related to the UK Scheme and £8.9 million related to the five unfunded Overseas Schemes. Going forward, the liabilities in the Group's defined benefit pension schemes may increase over the longer term as a result of changes in the actuarial assumptions used to calculate the net present value of pension scheme liabilities, including the expected return on a scheme's investments, the rate of increase in employee compensation levels, mortality rates, inflation rates and healthcare cost trend rates. Further, a prolonged period of financial market instability, such as the instability caused by the ongoing COVID-19 pandemic, could have an adverse impact on the valuations of pension scheme assets, resulting in a higher deficit and potentially in additional requirements for the Group to fund the schemes over the longer term. Moreover, if the Capital Raise does not proceed, and if the Group triggers an Equity Failure Event-event of default that is not waived or cured, and if as a result the Board is required to place the Company into administration or liquidation, the liabilities of the Group under its defined benefit schemes could immediately accelerate, and result in substantially higher contributions out of the remaining assets of the Group (which contributions could be based on the solvency funding basis deficit, which is approximately the amount an insurer would need to be paid to assume the liability to pay the benefits).

The most recent (statutory) triennial valuation for the UK Scheme showed that, as at 31 December 2016, the UK Scheme had a technical provisions deficit (which is the excess of the value of the scheme's liabilities over its assets) of £45.2 million, based on then-estimated UK Scheme liabilities of £208.9 million, and a solvency basis deficit of £114.1 million. In 2018, an asset backed contribution arrangement (the **Asset-Backed Pension Funding Arrangement**) was put in place to address the pension scheme deficit revealed by the valuation as at 31 December 2016. Based on the 2018 annual funding update for the UK Scheme, the actuary estimated the technical provisions deficit to be £12.9 million based on then-estimated UK Scheme liabilities of £191.4 million, when taking the Asset-Backed Pension Funding Arrangement into account. Under the Asset-Backed Pension Funding Arrangement, the Group is required to make annual contributions at the rate of £2.5 million per annum. In addition, the Group has agreed to transfer certain rights over a managed pool of trade receivables into a partnership, controlled by the Group, which provides security in respect of the Group's contribution obligations. If the value of the assets in the partnership declines below a minimum threshold, the Group is required to contribute additional trade receivables or cash into the security pool. During the COVID-19 pandemic, as a result of the Group's UK businesses being largely closed for trading for a time due to the COVID-19 lockdown for several months, the availability of new trade receivables generated by the Group's UK businesses to be contributed to the Asset-Backed Pension Funding Arrangement has significantly declined, and as a result the Group has been required to maintain a certain balance of cash in a security account, in lieu of trade receivables. The required cash balance from March 2020 to May 2020 has at various times ranged from nil to approximately £12 million due to the changing levels of trade receivables throughout the period, and over the long term, the Group may be required to contribute additional cash if the level of trade receivables generated by the Group's UK businesses declines and if the Group was unable to identify additional customers whose receivables could be added to the pool.

A new triennial evaluation in respect of the UK Scheme, which will generate updated technical provisions deficit figures as at 31 December 2019, was recently commenced (before being delayed due to the pandemic). As part of this triennial valuation, the Company and the trustees of the UK Scheme are required to agree the assumptions that will be used to calculate the present value of the scheme's liabilities and, if the valuation results show that the scheme is further in deficit, the Company and the trustees must also agree a long term "recovery plan" which provides for the additional deficit to be made good by the Company over a fixed period (generally a period of five to seven years). Whilst completion of the next triennial valuation (as at 31 December 2019) has been delayed owing to the COVID-19 pandemic, the Company has commenced dialogue with the trustees, and the Company believes that whatever the valuation as at 31 December 2019, as a result of COVID-19 and other factors, the deficit has likely increased slightly during the course of 2020. Based on the revised estimate of the technical provisions deficit figure for the UK Scheme which is generated by the triennial evaluation, the Group and the pensions trustee will attempt to agree a revised contribution plan, allowing the Company to make up the deficit over the next five to seven years. If the trustees for the UK Scheme and the Company cannot agree the assumptions to be used or a

recovery plan, the UK Pensions Regulator has the power to intervene and determine the recovery plan to cover the obligations as they fall due in the long-term, potentially requiring further contributions by the Group over and above what the Company would have sought to agree with the pension trustee, which could impact the Group's business, financial condition and results of operations over the longer term.

Specifically, if certain statutory requirements are met, the UK Pensions Regulator has the power to issue a Contribution Notice or a Financial Support Direction to the Company and/or any connected or associated person (e.g. a subsidiary within the Group) where it considers that it is reasonable to do so. Such a Contribution Notice, if issued to the Group, would require a payment of additional cash into the scheme. A Financial Support Direction if issued to the Group, would require the establishment of further arrangements for the financial support of the scheme (e.g. a parent company guarantee to support the obligations of the participating employers to make contributions to the scheme). Any exercise of these powers on the part of the regulator could result in significant additional liabilities arising in respect of the Group's UK Scheme over the longer term.

Finally, a Pension Schemes Bill has been introduced into the UK Parliament which is expected to change the UK regulatory framework governing defined benefit pension schemes by extending the powers of the UK Pension Regulator, which could affect the valuation of assets and liabilities of the UK defined benefit plan at its next triennial valuation (expected to be in 2022). The Pension Schemes Bill is also expected to introduce new criminal offences for "risking accrued scheme benefits" (where a person engages in an act that they knew or ought to have known would have a materially detrimental impact on a defined benefit pension scheme) and for "avoidance of employer debt" (where a person acts in a way that prevents the recovery of any employer debt which is due to a defined benefit pension scheme or otherwise compromises or settles such a debt), in each case, without "reasonable excuse". As a result of these or other regulatory changes, the Group could, over the longer term, face significantly higher pension contribution requirements in respect of the UK Scheme, or face enhanced penalties for non-compliance or infractions, in the future.

2.11 *The Group is dependent on its IT systems, including digital infrastructure, applications and networks, to support its business activities and is exposed to risks of failure in the operation of these systems. Further, the Group is exposed to security threats to its digital infrastructure through cyber-crime. Such attacks are by their nature technologically sophisticated and may be difficult to detect and defend in a timely fashion.*

Any failure by the Group to properly maintain, utilise and protect its information technology (IT) systems could adversely impact its ability to attract and serve customers and could cause the Group to incur higher operating costs and experience delays in the execution of its business plan.

The Group relies on a number of IT systems to support its business. These systems are housed both internally and more commonly in external and secured cloud-based platforms. IT is managed by in-house teams of IT personnel and through its key support partners who together are responsible for the development and support of IT services. Moreover, although the Group's IT function is spread across various sites and has IT disaster recovery plans for its major ERPs and finance systems, the Group is still developing business continuity plans for several of its operating businesses, and the Group's systems are potentially vulnerable to damage or interruption from various factors, including, but not limited to, power loss, telecommunication failures, data corruption, network failure, human error, computer viruses, security breaches, natural disasters, theft, vandalism or other acts. If the Group's disaster recovery procedures are not sufficient to mitigate the harm that may result from a disaster or disruption to the IT infrastructure that supports the Group's businesses, including loss of data, this could have a material adverse effect on its ability to continue to operate those businesses without interruption.

Specifically, since the Group relies heavily on IT both in serving its customers and in its enterprise infrastructure in order to achieve its objectives, it may be vulnerable to damage or intrusion from a variety of deliberate cyber-attacks carried out by insiders or third parties, including computer viruses, worms or other malicious software programs that may access its systems. Security and cyber threats are becoming

increasingly sophisticated and are continually evolving. The Group's systems for protecting against cyber security risks may not be sufficient. On 12 April 2019, the Group's French businesses suffered a ransomware attack, which left them without access to ordering and accounting systems for a period of approximately 7 weeks. Although the Group restored all systems such that they were fully operational by the end of May 2019 and improved security through measures such as end-point encryption and stronger back-up protocols, the loss of access had a tangible impact on the Group's sales and gross margins in April and May 2019, as well as requiring one-off remediation costs of £0.6 million and contributing to an estimated £3.0 million negative impact on the Group's operating profit for 2019.

Moreover, certain types of cybercrime may be increasing during the COVID-19 pandemic to exploit a possible lowering of cyber defences due to the shift of focus to the health crisis. The Company believes that much of COVID-19 related cybercrime utilises phishing techniques. While the Group has internal approval policies in place to limit the human vulnerability component of this practice, there is no guarantee that such measures will be successful.

As cyber incidents continue to evolve; the Group may be required to expend additional resources to continue to modify or enhance its protection measures or to investigate and remediate any vulnerability to cyber incidents. Such attacks are unlikely to be prevented by technology alone and may result in interference with production software, corruption or theft of sensitive data, manipulation of financial data accessible through digital infrastructure, or reputational losses as a result of misrepresentation via social media and other websites. There can be no assurance that future attacks will not be successful due to their increasing sophistication and the difficulties in detecting and defending against them in a timely fashion. Such events could harm the Group's reputation and have an adverse impact on its business, financial condition and results of operations, including the impact of related legal, regulatory, and remediation costs.

2.12 *Significant under-performance in any of the Group's businesses or the divestment of businesses in the future may give rise to a material write-down of goodwill, which could have a substantial impact on the Group's income and equity.*

Acquisitions frequently result in the recording of goodwill and other intangible assets to the extent that the price paid exceeds the fair value of the net assets acquired. Goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's interest in the fair value of identifiable assets (including intangible assets) and liabilities of the business acquired. The Group's goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment, or more frequently when there is an indication that goodwill may be impaired. As at 31 December 2019, goodwill represented 11.8% of the Group's consolidated total assets. In 2019, the Group recognised impairment charges of £90.9 million, reducing its goodwill from £293.9 million as at 31 December 2018 to £159.0 million as at 31 December 2019, principally relating to the impairment of goodwill in relation to UK Distribution and the France Exteriors (Larivière) business. The identification and measurement of goodwill impairment involves the estimation of the fair value of the Group's reporting units. The Group's accounting for impairment contains uncertainty because management must use judgment in determining appropriate assumptions to be used in the measurement of fair value.

Although a goodwill impairment charge does not impact the Group's consolidated cash flow, a write-down of goodwill will result in a charge to income and a reduction in equity of the amount of the write-down, which can impact financial covenants in the Amended Debt Facilities Agreements that are tied to the Group's equity value or consolidated net worth.

2.13 *The Group's internal controls may not be fully effective in mitigating its risk exposure against all types of risks.*

The Group's policies and procedures may not be fully effective to identify, monitor and manage its operations, reporting requirements, or risks. In particular, the Group's internal controls over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the

preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (**IFRS**).

Effective internal control over financial reporting is necessary for the Group to provide reliable reports and prevent fraud. Ineffective internal controls can lead to inaccurate or inconsistent information, resulting in increased costs. The Group seeks to mitigate the risk of fraud or other materially inaccurate information through the implementation and testing of effective internal controls over operational and financial reporting. However, these controls and systems may fail to identify fraud or material inaccuracies that may have a material adverse effect on the Group's reputation and results of operations. Whilst the Company believes that its control systems are sufficient to comply with the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Listing Rules and the Market Abuse Regulation, internal control systems provide only reasonable, not absolute, assurance that the objectives of the control system are met. In consequence of such inherent limitations in control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or other material inaccuracies, if any, within the Group have been detected.

In 2018, the Group identified financial control deficiencies in relation to supplier rebates and cash cut-off processes. Whilst the Group remediated these deficiencies and since then has continued to improve its internal controls through its controls strategy and improvements identified by both internal and external audit, and with controls improvements continuing to be a specific focus for the Audit Committee, these measures may fail to prove effective in preventing financial control deficiencies in the future.

Furthermore, in January 2020, the Company identified a disparity between the forecast level of underlying profit before tax for the financial year 2019, which was subsequently set out in the Group's full year trading update published on 9 January 2020 (the **January Trading Update**) and market consensus of forecast profit before that announcement. Following the January Trading Update, the Company commissioned PricewaterhouseCoopers LLP (**PwC**) to undertake an independent review in light of such disparity. The evidence as presented in PwC's report (the **PwC Report**) indicated a number of issues with the 2019 forecasting process, with a principal shortcoming being in the reporting to the Board of information received by the Group from its businesses. Further, the evidence indicated that, in the latter part of the second half of 2019, in particular, underlying forecasts from certain of the Group's businesses were the subject of material positive overlays at the Group level and, in addition, the attendant risks to those underlying forecasts were both poorly classified and poorly reported at the Group level, with the result that the Board was unsighted as to the overall picture. The PwC Report indicates that the issues identified were not adequately communicated to the Board in the reports presented to it.

The Company has referred itself to the FCA regarding these circumstances and, since self-referral, has recently provided to the FCA a copy of the PwC Report for its consideration. The FCA has wide-ranging powers to investigate potential breaches of market rules and regulations, including the power to require disclosure of documents and to compel witnesses to be interviewed. The FCA also has wide-ranging powers to impose sanctions in the event it finds an issuer has breached market rules or regulations, including censuring issuers and imposing financial sanctions. There is no certainty whether the FCA will open an investigation into the Company; how long any such investigation would take to conclude; the findings of the FCA and any remedy imposed by the FCA.

Although the Company subsequently appointed KPMG LLP (**KPMG**) to work with the Audit Committee to implement appropriate improvements to the Company's forecasting systems, procedures and controls, these measures may fail to prove effective in preventing forecasting process deficiencies in the future. Failure to maintain effective internal controls over financial reporting could have a material adverse effect on the Group's business, financial condition and results of operations.

2.14 *The Group is subject to various statutes, regulations and laws applicable to businesses generally in the countries and markets in which it operates, including data protection regulations and environmental, health and safety regulations.*

The Group is subject to statutes, regulations and laws affecting data protection, sustainability, land usage, zoning, labour and employment practices, competition, financial reporting, taxation, anti-bribery, anti-corruption, fire regulations, servicing assets, governance, and other matters. The Group mandates that its employees comply with its code of business conduct which stipulates best practices in relation to regulatory matters. The Group cannot guarantee that its employees will at all times be successful in complying with all demands of regulatory agencies in a manner which will not materially adversely affect the Group's business, financial condition and results of operations. Potential breaches of local and international laws and regulations in the areas of competition law, corruption and fraud, among others, could result in the imposition of significant fines and/or sanctions for non-compliance, including the withdrawal of operating licences, such as fleet operator licenses, and may inflict reputational damage.

Data protection: the Group is subject to regulations in the jurisdictions in which the Group operates regarding the use of personal data, including the General Data Protection Regulation (**GDPR**). The Group collects and processes personal data from its customers, including sole traders, and employees as part of the operation of its business, and therefore it must comply with data protection and privacy laws. Those laws generally impose certain requirements on the Group in respect of the collection, retention, use and processing of such personal information. Failure to operate effective data collection controls could potentially lead to regulatory censure, fines, reputational and financial costs. The Group seeks to ensure that procedures are in place to comply with the relevant data protection regulations by its employees and any third party service providers, and also implement security measures to help prevent cyber theft.

Notwithstanding such efforts, the Group is exposed to the risk that this data could be wrongfully appropriated, lost or disclosed, stolen or processed in breach of data protection laws. In addition, the Group may not have the appropriate controls in place today and may be unable to invest on an ongoing basis to ensure such controls are current and keep pace with the growing threat. The GDPR has increased the regulatory burden on the Group in processing personal customer, employee and other data in the conduct of its business and has also increased the potential sanctions for breaches. If the Group or any of the third party service providers on which it relies fails to comply with data protection laws, including the GDPR, or fails to adapt to new or amended data protection laws, due to any failure to store or transmit client information in a secure manner or any loss or wrongful processing of personal customer data, the Group could be subject to investigative and enforcement action by relevant regulatory authorities, claims or complaints from the individuals to whom the data relates or could face liability under data protection laws. Any of these events could also result in the Group suffering reputational damage, which could have a material adverse effect on the Group's business, financial condition and results of operations

Environment, health and safety: The Group is also subject to a broad and increasingly stringent range of existing and evolving laws, regulations, standards and best practices with respect to governance, the environment, health and safety and social performance in each of the jurisdictions in which it operates giving rise to significant compliance costs, potential legal liability exposure and to potential limitations on the development of its operations. These laws, regulations, standards and best practices relate to, amongst other things, ethical trading, code of conduct, low carbon sustainability, water and soil management, the use and handling of hazardous materials and waste disposal practices. Given the above, the risk of increased environmental and other compliance costs and unplanned capital expenditure is inherent in conducting business in the building materials sector and the impact of future developments in these respects on the Group's activities, products, operations, profitability and cash flow are difficult to predict; there can therefore be no assurance that material liabilities and costs will not be incurred in the future or that material limitations on the development of its operations will not arise.

Environmental and health and safety and other laws, regulations, standards and best practices may expose the Group to the risk of substantial costs and liabilities, including liabilities associated with assets that have been sold or acquired and activities that have been discontinued.

The impact of climate change may over time affect the operations of the Group and the markets in which the Group operates. This could include acute and chronic changes in weather, technological development, policy and regulatory change, and market and economic responses. Efforts to address climate change through laws and regulations, for example by requiring reductions in emissions of greenhouse gases (**GHGs**), can create economic risks and uncertainties for the Group's businesses. Such risks could include the cost of purchasing allowances or credits to meet GHG emission caps, decreased profits or losses arising from decreased demand for the Group's goods and higher production costs resulting indirectly from the imposition of legislative or regulatory controls. The Group continues to maintain continuous improvement in respect of sustainability metrics through a programme of objectives set at Group, business and local level with regular reviews against key performance indicators. To the extent that financial markets view the impact of climate change emissions as a financial risk, this could have a material adverse effect on the cost of and access to capital.

2.15 *The Group is subject to the risks associated with conducting business internationally, including risks associated with the future relationship of the UK with the EU.*

The Group currently operates in the UK and in certain countries in Europe, including France, Germany, Ireland, Belgium, the Netherlands and Poland, which could give rise to a number of risks, uncertainties and challenges and could include the following:

- changes in political, social or economic conditions;
- trade protection measures and import or export licensing requirements;
- potentially negative consequences from changes in tax laws;
- labour practices and differing labour regulations;
- unexpected changes in regulatory requirements; and
- state-imposed restrictions on repatriation of funds.

These and similar developments could affect the operational, fiscal, monetary and regulatory landscape to which the Group is subject and adversely affect the Group's business, financial condition and results of operations.

2.16 *The relationship of the UK with the EU could impact the Group's ability to operate efficiently in certain jurisdictions or in certain markets and could affect the Group's profitability.*

Under the terms of the ratified EU-UK Article 50 withdrawal agreement, a transition period has now commenced which will last until 31 December 2020 (unless the transition period is extended). During this period, most EU rules and regulations will continue to apply to the Group including in the UK, and negotiations in relation to a free trade agreement will be ongoing. At this stage, the nature of the future relationship between the UK and the remaining European Union countries following Brexit has yet to be agreed and negotiations with the European Union on the terms of Brexit have demonstrated the difficulties that exist in reaching such an agreement. Until the terms and timing of the UK's exit from the EU are confirmed and until the nature of the new relationship between the UK and the EU is known, it is not possible to determine the impact that the UK's departure from the EU and/or any related matters may have on general economic conditions in the UK and/or on the business of the Group.

In addition, the terms of the UK's future relationship with the EU are not currently agreed and could result in restrictions on the movement of capital and the mobility of personnel. The ongoing uncertainty over trade deals is likely to perpetuate the delays to large projects in the UK and Europe during the Brexit negotiation period, which may adversely impact the construction industry and the associated demand for the Group's products.

Moreover, regardless of the form of any agreement between the UK and EU, there are likely to be changes in the legal rights and obligations of commercial parties across all industries going forward, and British regulatory requirements once outside the EU could be subject to significant change. Any of these risks could result in the Group having to materially change its operating model in order to continue to serve its customers, particularly in respect of the Group's business in Northern Ireland, which is currently supplied directly by manufacturers in Great Britain and, to a smaller degree from a Group warehouse in the Republic of Ireland. Whilst the Group has prepared for various Brexit scenarios in regards to logistics plans for its business in Northern Ireland, there is no assurance that such plans will be effective. Moreover, the Company believes that a significant proportion of the UK's construction workforce are non-UK EU nationals. If these workers are required or voluntarily choose to return to their home countries after 31 December 2020, the UK construction sector could lose key employees.

Moreover, the UK's trade agreement with the EU will likely have trade terms that are less favourable than the current terms, which could lead to delays and increased costs for the Group in sourcing various products and materials, including fuel, due to tariffs, quotas, unavailability of certain materials, additional inspections or otherwise. Any restrictions on the ability of EU nationals to continue working in the UK or to import construction products and materials from could lead to decreased activity or increased costs in the UK's and EU's construction industries, which could have an adverse effect on the Group's business, financial condition and results of operations.

This and any other future UK political developments, including, but not limited to, any changes in government structure and policies, could affect the fiscal, monetary and regulatory landscape to which the Group is subject. Consequently, no assurance can be given that the Group's business, financial condition and results of operations would not be adversely impacted as a result of these developments.

2.17 *The Group is subject to risks associated with divesting non-core businesses or potential future acquisitions.*

Historically, the Group's strategy has included divesting businesses which are evaluated as non-core or underperforming. However, the Group may be unable to find purchasers for further businesses to be disposed, and the Group may not be able to meet its targets associated with any disposals. Furthermore, any subsequent disposals will require additional time and resources of key management. To the extent that the Group is unable to proceed with any disposals in the timeframe that it expects, or to raise the anticipated level of disposal proceeds, or if further management or other resources are required to carry out those activities than was initially anticipated, it may have a negative financial impact on the business. The Group may not be able to achieve cost reductions or efficiencies in line with its disposal plans or at all and will also experience a decline in revenue from the sale of these businesses which may impact its ability to meet its Revised Covenants. Even if successful, these disposals will result in an initial reduction of revenue and cash flow as the Group exits these businesses.

Moreover, potential buyers of these businesses may not be able to acquire the entities the Group is seeking to divest because of a variety of factors including the outcome of due diligence processes, the inability to raise funds in a timely manner or on acceptable terms, the need for competition authority approval in certain instances and competition for transactions from peers and other entities exploring acquisition and divestment opportunities in the construction supplies sector. For example, although the Group entered into an agreement with the Kingspan Group to sell Building Solutions (National) Limited, in October 2019, as announced to the market on 7 April 2020 the disposal was referred to a Phase 2 investigation by the UK Competition & Markets Authority (the CMA). Because the agreement was due to expire on 7 July 2020, whereas the

investigation was expected to conclude in October 2020, an extension to the agreement would have been required. Due to prevailing market conditions, the Group and the Kingspan Group were not able to agree commercial terms for an extension, and accordingly terminated the agreement on 21 May 2020.

Any disposal may also cause the Group to lose skilled employees and to incur additional costs replacing them. The Group may also be required by the trustees of its employee defined benefit scheme to set aside a portion of the proceeds from any disposal to repay pension liabilities, which may divert proceeds from their intended use. Certain of the Group's customers may also decide not to renew their contracts as a result of certain disposals, which would negatively impact the Group's revenue.

Moreover, as a part of its strategy, the Group's may seek to pursue select "add-on" acquisitions. The realisation of this aspect of the Group's new strategy is dependent on the ability to identify and acquire suitable assets at appropriate prices thus satisfying the stringent cash flow and return on investment criteria underpinning such activities. The Group may not be able to identify such companies, and, even if identified, may not be able to acquire them because of a variety of factors including the outcome of due diligence processes, the ability to raise funds (as required) on acceptable terms, the need for competition authority approval in certain instances and competition for transactions from peers and other entities exploring acquisition opportunities in the building materials sector. The Group's ability to realise the expected benefits from acquisition activity depends, in large part, on its ability to integrate newly-acquired businesses in a timely and effective manner. Even if the Group is able to acquire suitable companies, it still may not achieve the growth synergies or other financial and operating benefits it expected to achieve, and the Group may incur write-downs, impairment charges or unforeseen liabilities that could negatively affect its operating results or financial position or could otherwise harm the Group's business. Further, integrating an acquired business, product or technology could divert management time and resources from other matters.

Moreover, situations may arise where the Group may be liable for the past acts or omissions or liabilities of companies acquired or the Group may remain at risk of potential litigation and business claims in relation to entities divested businesses where it has provided warranties and/or indemnities to the purchaser or has continuing obligations. The Group may also fail to dispose of pension or other liabilities as part of a disposal. Where appropriate, the Group has taken a provision for these obligations and liabilities, but it is possible that the actual costs incurred in settling any claims will materially exceed those provisions. Claims that may arise in connection with such obligations and liabilities may divert management's attention and may result in the incurrence of additional costs, all of which could have a material adverse effect on the Group's business, financial condition and results of operations.

2.18 *Insurance may not adequately cover the risks and hazards of the Group's commercial operation.*

The Group is exposed to various risks that can cause substantial losses resulting from damage to its properties, manufacturing facilities and stock, injuries to its employees or members of the public, and claims from third parties arising from motor accidents involving its vehicles.

The Group maintains reasonable levels of insurance to cover risks associated with the ordinary operation of its business. However, the Group does not maintain comprehensive insurance against all of the risks described above. The Company believes that the Group's insurance coverage is reasonably adequate for the risks associated with its operations. There is no certainty that appropriate coverage will continue to be available in the future at commercially viable premium levels, if at all. The Group may also experience losses in amounts in excess of any insurance coverage carried. If the Group incurs losses related to any significant events not covered by its insurance policies or incurs losses in excess of its carried coverage, such losses may have a material adverse effect on the Group's business, financial condition and results of operations.

2.19 *The Group's operating entities and branches are subject to a wide range of operating risks and hazards.*

The Group's operating entities and distribution centres are subject to a wide range of operating risks and hazards including climatic conditions such as floods, seismic activity, technical failures, interruptions to power supplies, industrial accidents and disputes, environmental hazards, fire and crime, including those which may be beyond the Group's control. The occurrence of such a significant adverse event could lead to prolonged disruption of business activities and, as a result, could have a material impact on the Group's business, financial condition and results of operations.

The Group distributes most of its products through its extensive branch network but also facilitates deliveries direct from its suppliers to the customer site. Although the Group's larger branches have fire-detection and alarm systems the loss of some of its larger branches through fire or other major incident could have a significant temporary effect on the availability of products in that area.

Responsibility for business continuity management is vested in operating entity management to ensure that the circumstances likely to give rise to material operational disruption are addressed in a manner appropriate to the relevant operating entity. If the Group's disaster recovery procedures are not sufficient to mitigate the harm that may result from such a disaster or disruption, it could have an adverse effect on the Group's business, financial condition and results of operations.

2.20 *Seasonality and weather-related conditions may have a significant impact on the Group's financial results from period to period.*

The demand for the Group's building materials is correlated to both seasonal changes and unpredictable weather patterns. Seasonal demand is typically lower in the Group's first fiscal quarter, when winter construction cycles and cold weather patterns have an adverse impact on new construction and re-roofing activity. Severe adverse weather conditions, such as blizzards, could disrupt or curtail outdoor construction activity which in turn could reduce demand for the Group's products.

2.21 *The Group is exposed to the risks associated with leased property and any variations to the terms of such leases.*

The majority of the Group's branch portfolio is held through leasehold interests, with 437 properties being held under leaseholds, compared to 50 properties being held under freehold as at 31 December 2019. Leaseholds are generally subject to periodic rent reviews, lease expiries and renegotiations. As a result, the Group is susceptible to changes in the property rental market, such as increases in market rents, which are cost increases to the Group that it may not be able to pass on to customers in the form of higher prices. Any such rental increases may negatively impact on the Group's margins and could have a material adverse effect on the Group's business, financial condition and results of operations.

3. RISKS RELATING TO THE ORDINARY SHARES AND THE CAPITAL RAISE

3.1 *The CD&R Investment is subject to certain conditions.*

The Firm Placing and Placing and Open Offer are conditional on, among other things, the CD&R Subscription Agreement becoming unconditional in all respects, and not having been terminated in accordance with its terms before Admission. The CD&R Investment is conditional upon, the satisfaction (or waiver by CD&R) of certain conditions which remain unfulfilled, including: (i) passing of the Capital Raise Resolutions; and (ii) Admission occurring by no later than 8 a.m. on 31 August 2020. Certain of these conditions have not yet been met as of the date of this Prospectus, and whether they are met will be out of the Group's and CD&R's control. The Capital Raise failing to proceed or to raise gross proceeds of at least £125 million by 29 July 2020 will constitute an Equity Failure Event under each Amended Debt Facilities Agreement. Should the CD&R Investment fail to proceed, the Capital Raise would not occur in its present form and on the basis presented in this Prospectus, and Admission of the Shares to trading would not occur. The Group would then assess whether an alternative form of equity raise to generate the equivalent level of gross proceeds as the Capital Raise were viable, given market conditions. Any such alternative could prove

unacceptable to the RCF Lenders and Noteholders. Furthermore, failure of the Capital Raise to proceed or to raise gross proceeds of at least £125 million by 29 July 2020 will constitute an Equity Failure Event under the Amended Debt Facilities Agreement. The occurrence of an Equity Failure Event is an event of default under the Amended Debt Facilities Agreements. The occurrence of an Equity Failure Event will lead to an Event of Default occurring under each Amended Debt Facilities Agreement 10 business days thereafter (as set out further in paragraph 1.1 “*The Company will be materially adversely affected and is at risk of not being able to continue as a going concern if the Capital Raise does not succeed.*”)

3.2 *The Firm Placed Shares and the Ordinary Shares issued in the Placing and Open Offer may give rise to dilution for Shareholders.*

To the extent that Qualifying Shareholders do not exercise their Open Offer Entitlements to subscribe for Open Offer Shares, their proportionate ownership and voting interest in the Ordinary Shares will (upon the issue of New Ordinary Shares) be reduced. Moreover, regardless of whether Qualifying Shareholders take up their Open Offer Entitlements, the effect of the Firm Placing will be to reduce the proportionate ownership and voting interests in the Ordinary Shares of existing Shareholders to the extent that they do not participate in the Firm Placing on a pro rata basis. As a result, a Qualifying Shareholder that takes up its Open Offer Entitlements in full will be diluted by 37.4% as a result of the CD&R Investment and the Firm Placing. A Shareholder that does not take up any Open Offer Shares under the Open Offer (or that is a Shareholder in the United States or an Excluded Territory that is not eligible to participate in the Open Offer) will experience a dilution of 49.9% as a result of the Capital Raise.

3.3 *The issuance of additional Ordinary Shares in the Company in connection with future fundraising activities or otherwise may dilute all other shareholdings and may impact the price of the Ordinary Shares.*

In addition to the Capital Raise, the Company may also seek to raise financing to fund other growth opportunities, invest in its business, or for general corporate purposes over the long-term. Issuing additional equity securities or debt securities convertible into equity securities may be a more attractive option for the Company than additional debt financings. Any additional equity financings, depending on structure, would, subject to any applicable pre-emptive rights, likely result in dilution in the percentage ownership of existing shareholders and may involve the use of securities that have rights, preferences, or privileges senior to the Ordinary Shares which may adversely affect the price of the Ordinary Shares.

3.4 *Upon and from Admission, CD&R will be in a position to exert a certain amount of influence on the Company and its interests could differ from the interests of the Company's other Shareholders.*

Upon and from Admission, CD&R will hold up to 29.9% of the issued share capital of the Company and a relationship agreement between CD&R and the Company (the **CD&R Relationship Agreement**) will become effective, and remain effective for so long as CD&R retains at least 10% of the Company's issued share capital. Pursuant to the CD&R Relationship Agreement, CD&R may appoint up to two non-executive directors to the Board, one of whom may be appointed to each of the Nominations Committee and Remuneration Committee. In addition, the appointment or termination of appointment of the CEO and the CFO of the Group from time to time will require unanimous approval from the Nominations Committee (which may include a CD&R appointed director, where appointed in accordance with the terms of the CD&R Relationship Agreement). In addition, for so long as CD&R (together with its affiliates) is entitled to exercise or control at least 20% of the votes able to be cast on all or substantially all matters at general meetings of the Company, the Company may not dispose by any means (including by lease or licence) of a company or division which contributes 10% or more of the Group's revenue at the relevant time without the unanimous approval of the non-executive directors of the Company (which may include one or two CD&R appointed directors, where appointed in accordance with the terms of the CD&R Relationship Agreement). Accordingly, CD&R may be in a position to exert a certain amount of influence on the Company with its own interests in mind, and such interests may differ from the interests of the Company's other Shareholders.

3.5 *Shareholders in the United States or certain other jurisdictions may not be able to participate in future equity offerings.*

Securities laws of certain jurisdictions may restrict the Company's ability to allow the participation of shareholders in future offerings. In particular, Shareholders in the United States may not be entitled to exercise these rights unless either the rights and Ordinary Shares are registered under the Securities Act, or the rights and Ordinary Shares are offered pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act, or equivalent local securities laws. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable Shareholders in the United States or certain other jurisdictions to exercise their pre-emption rights or, if available, that the Company will utilise any such exemption. Any Shareholder who is unable to participate in future equity offerings may suffer dilution.

3.6 *Not all rights available to shareholders under U.S. law will be available to holders of the Ordinary Shares.*

The legal rights afforded to shareholders under English law differ in certain respects from the rights of shareholders in typical U.S. companies. The rights of Shareholders are governed by English law and the Articles. In particular, English law currently limits significantly the circumstances under which the shareholders of English companies may bring derivative actions. Under English law, in most cases, only the Company may be the proper plaintiff for the purposes of maintaining proceedings in respect of wrongful acts committed against it and, generally, neither an individual shareholder, nor any group of shareholders, has any right of action in such circumstances. In addition, English law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a U.S. company.

3.7 *Shareholders may have difficulty in effecting service of process on the Company or the Directors in the United States, in enforcing U.S. judgments in the UK or in enforcing U.S. federal securities laws in UK courts.*

All of the Directors of the Company are residents of countries other than the United States and most of their assets are outside the United States. The Company is incorporated outside the United States and most of its assets are located outside the United States. As a result, it may not be possible for shareholders to effect service of process within the United States upon all of the Directors and officers or on the Company, or to obtain discovery of relevant documents and/or the testimony of witnesses. U.S. shareholders may have difficulties enforcing in courts outside the United States judgments obtained in U.S. courts against all of the Directors or the Company (including actions under the civil liability provisions of the U.S. federal securities laws). Shareholders may also have difficulty enforcing liabilities under the U.S. federal securities laws in legal actions originally brought in jurisdictions located outside the United States.

3.8 *The Company may not be able or may decide not to pay dividends at a level anticipated by Shareholders, which could reduce investors' return on Ordinary Shares.*

The Group took the decision not to declare a full year 2019 dividend, does not intend to pay a dividend for 2020, and intends to limit the 2021 interim dividend to £3.0 million. Moreover, under the terms of the Debt Facilities Agreements, the 2021 final dividend and subsequent dividends will require the Group's leverage to be less than 2.25x. The Company's ability to pay future dividends will depend, among other things, on its financial performance, level of indebtedness, any restrictions contained in the financing documents entered into in connection with its debt instruments, any restrictions relating to regulatory capital in subsidiaries and the availability of distributable profits and reserves and cash available for this purpose.

Furthermore, there can be no guarantee that the Company will maintain its dividend policy to pay dividends in the future, or that the Company's level of leverage, or its revenue, profit and cash flow would be able to support the payment of such dividends. Specifically, as a holding company, the Company's ability to pay dividends in the future is affected by a number of factors, principally the Company's ability to receive

sufficient dividends from its subsidiaries. The payment of dividends by subsidiaries is, in turn, subject to restrictions, including the existence of sufficient distributable reserves. As at the date of the Prospectus, the Company has a distributable reserves deficit, and, while the Company is currently considering measures such as share capital reductions or the creation of a new Group TopCo to mitigate this, there is no guarantee that sufficient operating profits will be developed to eliminate such deficit and create sufficient distributable reserves to allow a dividend to be paid in the future.

The payment of dividends is at the discretion of the Board and will be subject to, among other things, applicable law, regulations, restrictions, the Company's financial position, regulatory capital requirements, working capital requirements, finance costs, general economic conditions and other factors the Directors deem significant from time to time.

3.9 *Overseas shareholders may be subject to exchange rate risk.*

The Ordinary Shares are, and any dividends to be paid in respect of them will be, denominated in Pounds Sterling. An investment in Ordinary Shares by an investor whose principal currency is not Pounds Sterling exposes the investor to foreign currency exchange rate risk. Any depreciation of Pounds Sterling in relation to such foreign currency will reduce the value of the investment in the Ordinary Shares or any dividends in foreign currency terms.

3.10 *Substantial future sales of Ordinary Shares could impact their market price.*

The Company cannot predict what effect, if any, future sales of Ordinary Shares, or the availability of Ordinary Shares for future sale, will have on the market price of Ordinary Shares. Sales of substantial amounts of Ordinary Shares, or the perception or any announcement that such sales could occur could adversely affect the market price of the Ordinary Shares and may make it more difficult for investors to sell their Ordinary Shares at a time and price which they deem appropriate, or at all.

3.11 *The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, many of which will be out of the Group's control.*

Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the company that has issued them. In addition, the market price of the Ordinary Shares may prove to be highly volatile, which may prevent Shareholders from being able to sell their Ordinary Shares at or above the price they paid for them. The market price of the Ordinary Shares may fluctuate significantly in response to a number of factors, many of which are and will be beyond the Group's control, including the economic and financial situation surrounding the COVID-19 pandemic, variations in operating results in the Group's reporting periods, changes in financial estimates by securities analysts, changes in market valuation of similar companies, announcements by the Company of significant contracts, acquisitions, planned investments or other capital commitments, strategic alliances, joint ventures, additions or departures of key personnel, any changes in legal and regulatory requirements, any shortfall in turnover or net profit or any increase in losses from levels expected by securities analysts, and future issues or sales of Ordinary Shares. Any or all of these events could result in a material decline in the price of the Ordinary Shares. Moreover, a significant decrease in the price of the Ordinary Shares may lead to an opportunistic approach to acquire some or all of its issued share capital.

PART 3
DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors

Andrew Allner (Non-Executive Chairman)
Steve Francis (Chief Executive Officer)
Ian Ashton* (Announced Chief Financial Officer)
Katharina Kearney-Croft (Interim Chief Financial Officer)
Alan Lovell (Senior Independent Non-Executive Director)
Kate Allum (Non-Executive Director)
Ian Duncan (Non-Executive Director)
Gillian Kent (Non-Executive Director)
Simon King* (Announced Non-Executive Director)

* with effect from 1 July 2020.

Company Secretary Kulbinder Dosanjh (Group Company Secretary)

Registered Office of the Company 10 Eastbourne Terrace
London
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W2 6LG

Advisers

Lead Financial Adviser Lazard & Co., Limited
50 Stratton Street
Mayfair
London
United Kingdom
W1J 8LL

Joint Sponsors, Joint Global Coordinators and Joint Bookrunners Jefferies International Limited
100 Bishopsgate
London
United Kingdom
EC2N 4JL

Peel Hunt LLP
Moor House
120 London Wall
London
United Kingdom
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English and U.S. legal advisers to the Company Allen & Overy LLP
One Bishops Square
London
United Kingdom
E1 6AD

Jersey legal adviser to the Company Carey Olsen Jersey LLP
47 Esplanade

St Helier
Jersey
JE1 0BD

**English and U.S. legal advisers to
the Joint Sponsors, Joint Global
Coordinators and Joint
Bookrunners**

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99 Bishopsgate
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United Kingdom
EC2M 3XF

Auditors

Ernst & Young LLP
1 More London Place
London
United Kingdom
SE1 2AF

Reporting Accountants

KPMG LLP
15 Canada Square
London
United Kingdom
E14 5GL

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
United Kingdom
BS99 6ZY

Receiving Agent

Computershare Investor Services PLC
Corporate Actions Projects
Bristol
United Kingdom
BS99 6AH

PART 4
EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND OFFER STATISTICS

Expected Timetable of Principal Events

The times and dates set out in the expected timetable of key events below, and mentioned throughout this Prospectus, the Application Form and any other document issued in connection with the Capital Raise, are subject to change, and may be adjusted by the Company in consultation with the Joint Bookrunners. The timetable below also assumes that the Capital Raise Resolutions are all passed at the General Meeting without adjournment. In the event of any significant changes from the below expected timetable, details of the new times and dates will be notified to the London Stock Exchange and, where appropriate, Qualifying Shareholders.

If you have any queries on the procedures for application under the Open Offer, you should contact Computershare Investor Services PLC on 0370 707 1293 if calling from the UK or +44 370 707 1293 if calling from outside the UK. The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

References to times in this Prospectus are to London time unless otherwise stated.

Announcement of the Firm Placing and Placing and Open Offer	19 June 2020
Record Date for entitlements under the Open Offer	6.00 p.m. on 17 June 2020
Announcement of the results of the Firm Placing and the Placing	19 June 2020
Publication of the Prospectus and Notice of General Meeting	19 June 2020
Ex-entitlement date for the Open Offer	22 June 2020
Posting of the Application Form to Qualifying Non-CREST Shareholders ⁽¹⁾ and Forms of Proxy	22 June 2020
Open Offer Entitlements enabled in CREST and credited to stock accounts of Qualifying CREST Shareholders ⁽¹⁾ in CREST	as soon as possible after 8.00 a.m. on 23 June 2020
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements from CREST ⁽²⁾	4.30 p.m. on 2 July 2020
Latest time and date for depositing Open Offer Entitlements into CREST ⁽²⁾	3.00 p.m. on 3 July 2020
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only) ⁽²⁾	3.00 p.m. on 6 July 2020
Latest time and date for receipt of Forms of Proxy for use at the General Meeting	11.00 a.m. on 7 July 2020
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 8 July 2020
Announcement of the results of the Placing and Open Offer	9 July 2020
General Meeting	11.00 a.m. on 9 July 2020
Announcement of the results of the General Meeting	9 July 2020

Admission and commencement of dealings in New Ordinary Shares

	8.00 a.m. on 10 July 2020
CREST Members' accounts credited in respect of New Ordinary Shares in uncertificated form	as soon as possible after 8.00 a.m. on 10 July 2020
Despatch of definitive share certificates for New Ordinary Shares in certificated form ⁽³⁾	Within 14 days of Admission

Notes:

- (1) The ability to participate in the Open Offer is subject to certain restrictions relating to Shareholders with registered addresses outside the United Kingdom, details of which are set out in Part 8 ("*Terms and Conditions of the Open Offer*") of this Prospectus.
- (2) Different deadlines and procedures for applications may apply in certain cases. For example, if you hold your Existing Ordinary Shares through a CREST Member or other nominee, that person may set an earlier date for application and payment than the dates noted above.
- (3) Temporary documents of title will not be issued.

Firm Placing and Placing and Open Offer Statistics

Closing price of Existing Ordinary Shares ⁽¹⁾	33.5 pence
Issue Price per New Ordinary Share	30 pence
Discount of Issue Price to closing price ⁽¹⁾	10.6%
Open Offer Entitlement	1 New Ordinary Share for every 4 Existing Ordinary Shares ⁽²⁾
Number of Existing Ordinary Shares in issue as at 18 June 2020, being the latest practicable date before publication of this Prospectus	591,556,982
Number of New Ordinary Shares to be issued to CD&R pursuant to the CD&R Investment	240,000,000
Number of Open Offer Shares to be issued pursuant to the Placing and Open Offer	147,889,245
Number of Firm Placed Shares to be issued to Firm Placees pursuant to the Firm Placing	200,012,655
Number of Ordinary Shares in issue immediately upon completion of the Capital Raise ⁽³⁾	1,181,556,981
Number of Firm Placed Shares being issued to Firm Placees as a percentage of the Enlarged Share Capital	16.9%
New Ordinary Shares as a percentage of the Enlarged Share Capital	49.9%
Estimated gross proceeds of the Capital Raise	£165 million
Estimated net proceeds of the Capital Raise receivable by the Company after expenses associated with the Capital Raise ⁽⁴⁾	£153.1 million
Expected market capitalisation of the Company at the Issue Price upon Admission	£354.5 million

Notes:

- (1) The closing price on the London Stock Exchange's Main Market for listed securities on 18 June 2020, being the last Business Day before the announcement of the Firm Placing and Placing and Open Offer.
- (2) Fractions of New Ordinary Shares will not be allotted to Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of New Ordinary Shares.
- (3) On the assumption that no further Ordinary Shares are issued as a result of the vesting or exercise of any awards under any Share Plans between 18 June 2020 (being the latest practicable date before the publication of this Prospectus) and completion of the Capital Raise.
- (4) Does not include the prepayment of £48.0 million in a nominal amount of the Notes (at par plus interest accrued at the date of prepayment), as well as the payment of debt advisory fees of £8.2 million, together with lender fees relating to the Notes of £1.8 million and lender fees relating to the RCF of £2.9 million.

PART 5 PRESENTATION OF INFORMATION

1. GENERAL

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult his or its own lawyer, financial adviser or tax adviser for legal, financial or tax advice.

Investors should rely solely on the information contained in this Prospectus (and any supplementary prospectus produced to supplement the information contained in this Prospectus) when making a decision as to whether to acquire New Ordinary Shares. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, Jefferies, Peel Hunt or Lazard. In particular, the content of the Company's website (other than the documents incorporated by reference into this Prospectus in paragraph 22 ("*Incorporation by Reference*") and the documents on display listed in paragraph 23 ("*Document's Available for Inspection*") of Part 16 ("*Additional Information*") does not form part of this Prospectus and prospective investors should not rely on such content. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and Rule 3.4 of the Prospectus Regulation Rules, the publication shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Company and its subsidiaries taken as a whole since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to its date.

No statement in this Prospectus or incorporated by reference into this Prospectus is intended as a profit forecast or profit estimate for any period, and no statement in this Prospectus or incorporated by reference into this Prospectus should be interpreted to mean that the earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial statements of the Company.

Apart from the responsibilities and liabilities, if any, which may be imposed on Jefferies or Peel Hunt by the FSMA or the regulatory regime established thereunder, the London Stock Exchange, the Listing Rules or the Prospectus Regulation Rules, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Jefferies, Peel Hunt, or Lazard, nor any of their respective affiliates, directors, officers, employees, advisers, representatives or agents accept any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this Prospectus, including its accuracy or completeness or for any other statement made or purported to be made by it or on behalf of it, the Company, the Directors or any other person, in connection with the Company, the New Ordinary Shares, the Capital Raise or Admission, and nothing in this Prospectus should be relied upon as a promise of representation in this respect, whether as to the past or the future. Each of Jefferies and Peel Hunt, and their respective affiliates, directors, officers, employees, advisers, representatives or agents, accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

2. PRESENTATION OF FINANCIAL INFORMATION

2.1 *Presentation of financial information with respect to the Group*

The audited consolidated financial statements of the Group included in: (i) the 2019 Annual Report and Accounts, as at and for the year ended 31 December 2019 (the **2019 Financial Statements**); (ii) the 2018 Annual Report and Accounts, as at and for the year ended 31 December 2018 (the **2018 Financial Statements**); and (iii) the 2017 Annual Report and Accounts, as at and for the year ended 31 December 2017 (the **2017 Financial Statements**) (together, the **Historical Financial Information**), together with the audit opinions thereon, are incorporated by reference into this Prospectus, as further detailed in Part 14

(“*Historical Financial Information*”) of this Prospectus. Unless otherwise stated, financial information relating to the Group as at and for the years ended 31 December 2017, 2018 and 2019 has been extracted without adjustment from the Historical Financial Information. The auditor’s report on the Group’s 2019 Financial Statements is unqualified, but contains a material uncertainty in respect of going concern to which the auditor drew attention by way of emphasis without modifying their report.

The Group's financial year runs from 1 January to 31 December. Unless otherwise indicated, the consolidated financial information with respect to the Group presented and incorporated by reference in this Prospectus is based on IFRS as adopted by the European Union and International Financial Reporting Standards Interpretations Committee interpretations as adopted by the European Union, and those parts of the Companies Act 2006, as amended (the **Companies Act**) applicable to the companies reporting under IFRS. IFRS as adopted by the European Union differs in certain aspects from International Financial Reporting Standards as issued by the International Accounting Standards Board. The Historical Financial Information relating to the Group presented in this Prospectus or incorporated by reference into this Prospectus is not intended to comply with the applicable accounting requirements of the Securities Act and the related rules and regulations that would apply if the Ordinary Shares were to be registered in the United States. Compliance with such requirements would require the modification or exclusion of certain information included in this Prospectus and the presentation of certain information which is not included in this Prospectus.

Before 1 January 2019, the Group presented the following segments within the Historical Financial Information: SIG Distribution, SIG Exteriors, Ireland & Other, France, Germany, Poland, Air Handling and Benelux. From 1 January 2019, the Group presented the following segments within the Historical Financial Information: UK Distribution, Ireland, France Distribution, Germany, Poland, Benelux, UK Exteriors, France Exteriors and Air Handling.

The Group has disposed of a number of businesses in the past three years which affect the comparability of the Group's results across these periods. In particular, the Air Handling business, the disposal of which was announced on 7 October 2019 and completed on 31 January 2020, accounted for a material portion of the Group's results for 2019, 2018 and 2017. As a result:

- The Group's 2019 consolidated income statement, as presented in the audited 2019 Financial Statements and in this Prospectus, presents the Air Handling business as a discontinued operation. Additionally, the results of certain other businesses that have been disposed of, or are held for sale, have been removed from the Group's underlying results and shown within other items in the consolidated income statement.
- The Group's 2018 consolidated balance sheet presented in this Prospectus is extracted from the audited 2018 Financial Statement. The Group's 2018 consolidated income statement and consolidated cash flow statement presented in this Prospectus are unaudited and are extracted without adjustment from the audited 2019 Financial Statements. In order to enhance comparability, the Group's comparative 2018 consolidated income statement in the 2019 Financial Statements has been revised from the information in the 2018 Financial Statements in order to present the Air Handling business as a discontinued operation. Similarly, the results of certain other businesses that have been disposed of, or are held for sale, have been removed from the Group's underlying results and shown within other items in the consolidated income statement.
- The Group's 2017 consolidated income statement, consolidated balance sheet and consolidated cash flow statement presented in this Prospectus are unaudited and are extracted without adjustment from the audited 2018 Financial Statements. The Group's comparative 2017 results in the 2018 Financial Statements were restated in the 2018 Financial Statements in order to reflect a review of certain accounting policies and judgements (described in the Statement of Significant Accounting Policies and Note 33 to the 2018 Financial Statements). The Group's 2017 consolidated income statement, however, includes the results of the Air Handling business within continuing operations, and certain

other businesses within the Group's underlying results, which affects comparability of the Group's 2017 consolidated income statement as presented in this Prospectus with the subsequent years. For a reconciliation adjusting the Group's 2017 consolidated income statement to exclude the results of the Air Handling business and certain other businesses for that period, see paragraph 4.3 of Part 12 (“*Selected Financial and Other Information*”) of this Prospectus.

See the Statement of Significant Accounting Policies to the 2019 Financial Statements and the Statement of Significant Accounting Policies and Note 33 to the 2018 Financial Statements for further details.

The financial information presented in this Prospectus or incorporated by reference into this Prospectus was not prepared in accordance with U.S. Generally Accepted Accounting Principles (**U.S. GAAP**) or audited in accordance with U.S. Generally Accepted Auditing Standards (**U.S. GAAS**) or the standards of the Public Company Accounting Oversight Board (**PCAOB Standards**). No opinion or any other assurance with regard to any financial information is expressed under U.S. GAAP, U.S. GAAS or PCAOB Standards and the financial information is not intended to comply with SEC reporting requirements. Compliance with such requirements would require the modification, reformulation or exclusion of certain financial measures. In addition, changes would be required in the presentation of certain other information. In particular, no reconciliation to U.S. GAAP is provided.

2.2 Rounding

Percentages and certain amounts included in this Prospectus have been rounded for ease of presentation. Accordingly, figures shown as totals in certain tables may not be the precise sum of the figures that precede them.

2.3 Currencies

Unless otherwise indicated, in this Prospectus, all references to:

- **Pounds Sterling, sterling, p. or £** are to the lawful currency of the United Kingdom;
- **Euro, euros, EUR or €** are to the lawful currency of the European Union (as adopted by certain Member States);
- **U.S. dollars, USD or US\$** are to the lawful currency of the United States; and
- **Polish Zloty and Zloty and PLN** are to the lawful currency of Poland.

Unless otherwise indicated, the historical and financial information contained in this Prospectus has been expressed in Pounds Sterling. The Group presents its financial statements in Pounds Sterling.

For more information on exchange rates used in this Prospectus, please see Part 13 (“*Operating and Financial Review - Key Factors Affecting Results of Operations Translational effect of currency exchange rates*”).

3. UNDERLYING FINANCIAL INFORMATION

The Group analyses its results of operations on an underlying basis. Non-underlying items relate to the revenue and cost items of businesses that have been disposed of, amortisation of acquired intangibles, impairment charges, profits and losses on agreed sale or closure of non-core businesses and associated impairment charges, net operating profits and losses attributable to businesses identified as non-core, net restructuring costs, acquisition expenses and contingent consideration, other specific items, unwinding of provision discounting, fair value gains and losses on derivative financial instruments, the taxation effect of Other items and the effect of changes in taxation rates. Other items have been disclosed separately in order

to give an indication of the underlying results of the Group. See paragraph 4 of Part 12 (“*Selected Financial and other Information*”) and Note 2 and the Statement of Significant Accounting Policies in the 2019 Financial Statements for further detail.

The presentation of underlying results is not in conformity with IFRS. The underlying results of operations may also not be comparable to underlying figures reported by other companies as those companies may compute their normalised figures differently from the Group.

4. CERTAIN NON-IFRS FINANCIAL MEASURES AND APMs

This Prospectus contains certain non-IFRS financial measures (**Non-IFRS Measures**), which are not liquidity or performance measures under IFRS, and which the Group considers to be alternative performance measures (**APMs**). These APMs are prepared in addition to the figures that are prepared in accordance with IFRS. Such measures include post-tax return on capital employed, like-for-like sales, covenant leverage and net debt (as defined below).

The Group provides Non-IFRS Measures and other information because the Company believes that performance measures provide useful historical financial information to help investors evaluate the underlying performance of the business. The measures used should not be considered as an alternative to any of the Group's performance measures derived in accordance with IFRS. The Non-IFRS Measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of the Group's results as reported under IFRS. They may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable measures in accordance with IFRS. Their usefulness is therefore subject to limitations. In particular, other companies in the industry may define the Non-IFRS Measures used herein differently than the Company does. In those cases, it may be difficult to compare the performance of those entities to the Group's performance based on these similarly-named Non-IFRS Measures. In addition, the exclusion of certain items from Non-IFRS Measures does not imply that these items are necessarily non-recurring. From time to time, the Company may exclude additional items if the Company believes doing so would result in a more transparent and comparable disclosure.

The Non-IFRS Measures should be considered in conjunction with the Group's 2019 Financial Statements, 2018 Financial Statements and 2017 Financial Statements prepared in accordance with IFRS and incorporated by reference herein. The following discussion provides definitions of Non-IFRS Measures. For further details on these metrics, including reconciliations of each of these metrics to the nearest IFRS results of the Group, see Note 28 and Note 33 of the 2019 Financial Statements and Note 27 and Note 32 of the 2018 Financial Statements.

The Non-IFRS Measures presented as APMs are defined as follows:

- **Covenant EBITDA** is calculated as underlying operating profit, plus depreciation before the adoption of IFRS 16, amortisation of computer software, reversal of restatement of net operating losses attributable to businesses identified as non-core and depreciation attributable to businesses identified as non-core.
- **Covenant leverage** is calculated as covenant EBITDA divided by covenant net debt.
- **Covenant net debt** is calculated as net debt plus other covenant financial indebtedness and foreign exchange adjustments. See Note 33 to the 2019 Financial Statements for further details.
- **Like-for-like sales** is calculated using the Group's sales per day on a constant currency basis excluding any sales from any business acquisitions or disposals completed or agreed in the prior year, or before announcement of the Group's results for the relevant period. Like-for-like sales figures are not adjusted for revenue from branch openings and closures. See Note 33 to the 2019 Financial Statements for further details.

- **Net debt** is calculated as the aggregate of the following liabilities: obligations under finance lease contracts, bank overdrafts, bank loans, private placement notes, loan notes and deferred consideration, other financial liabilities and derivative financial instruments; less the aggregate of the following assets: cash at bank and on hand, derivative financial instruments and deferred consideration. See Note 28 to the 2019 Financial Statements for further details.
- **Operating costs as a % of revenue** is calculated as the ratio of underlying operating costs, excluding profits made on properties sold, to underlying revenue.
- **Post-tax return on capital employed** is calculated as the ratio of underlying operating profit less taxation divided by average capital employed (calculated as average net assets plus average net debt). See Note 33 to the 2019 Financial Statements for further details.
- **Return on sales** is calculated as the ratio of underlying operating profit, excluding profits made on properties sold, divided by underlying revenue. See Note 33 to the 2019 Financial Statements for further details.
- **Working capital as a % of revenue** is calculated as the ratio of underlying working capital to underlying revenue.

5. PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma statement information contained in Part 15 (“*Unaudited Pro Forma Financial Information*”) is based on the historical financial information of the Group contained, and incorporated by reference, in Part 14 (“*Historical Financial Information*”) of this Prospectus. The unaudited pro forma statement of net assets has been prepared to illustrate the effect on the net assets of the Group as if the Capital Raise and the disposal of the Air Handling business had taken place on 31 December 2019.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. The pro forma financial information has been prepared on the basis set out in Part 15 (“*Unaudited Pro Forma Financial Information*”) of this Prospectus and in accordance with Annex 20 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

6. FORWARD-LOOKING STATEMENTS

This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “plans”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. All statements other than statements of historical fact included in this Prospectus are forward-looking statements. They appear in a number of places throughout this Prospectus and include statements regarding the Directors' or the Group's intentions, beliefs or current expectations concerning, among other things, its operating results, financial condition, prospects, growth, expansion plans, strategies, the industry in which the Group operates and the general economic outlook. Forward-looking statements in this Prospectus include, but are not limited to, statements about:

- the conditions to the Capital Raise becoming effective being met;
- the Group's ability to successfully execute, and the costs associated with, its new strategy;
- the Group's ability to effectively upgrade its financial and operational systems;
- the current development and aftermath of the COVID-19 pandemic;

- the Group's ability to correct deficiencies and obstacles created by the previous strategies and cost and debt reduction efforts;
- the Group's ability to regain customers and improve its market share;
- the Group's ability to attract and retain employees;
- the Group's ability to successfully conclude acquisitions and/or disposals;
- the Group's ability to anticipate, manage and adopt digitisation trends; and
- the future prospects of specialist distribution and roofing merchanting across the construction industry.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and therefore are based on current beliefs and expectations about future events. Forward-looking statements are not guarantees of future performance and the Company's and/or the Group's actual operating results and financial condition, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus. In addition, even if the Company's and/or the Group's operating results, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Accordingly, prospective investors should not rely on these forward-looking statements.

These forward-looking statements are further qualified by risk factors disclosed in this Prospectus that could cause actual results to differ materially from those in the forward-looking statements. Please see Part 2 (“*Risk Factors*”) of this Prospectus.

Any forward-looking statements that the Company makes in this Prospectus speak only as at the date they are made and it should not be assumed they have been revised or updated in light of any new information or future events. None of the Company, the Directors, or the Joint Bookrunners or their respective affiliates undertakes any obligation to update such statements or publicly release any revisions any of them make to these forward-looking statements that may occur due to any change in the Company's and/or the Group's expectations or to reflect events or circumstances after the date on which these statements were made unless required to do so by applicable law, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Listing Rules or the Market Abuse Regulation. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Such forward-looking statements are based upon assumptions the Company believes are reasonable, but this information has not been independently verified. The Company cannot assure prospective investors that these assumptions will be correct, and undue reliance should not be placed on such information.

The contents of this section on forward-looking statements do not seek to qualify the disclosures regarding the working capital statement.

7. THIRD PARTY SOURCES

All sources referenced in this Prospectus are publicly available or historically commissioned reports and are not expert reports for the purposes of the Prospectus Regulation Rules. Industry publications and surveys, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy and completeness of such information. However, the Company confirms that information sourced from third parties has been

accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company has been unable to independently verify any of the data from third party sources utilised in this Prospectus, nor has it been able to ascertain the underlying economic assumptions relied upon therein. Those statements or estimates as to market position which are not attributed to independent sources are based on market data or internal information currently available to the Company. Estimates extrapolated from these data involve risks and uncertainties and are subject to change based on various factors, including those discussed in Part 2 (“*Risk Factors*”) of this Prospectus.

There is only a limited amount of independent data available about certain aspects of the industry in which the Company operates and the position of the Company relative to its competitors. As a result, certain data and information about its market contained in this Prospectus are based on good faith estimates reflecting the Company's reasonable review of internal data and information obtained from customers and other third party sources, such as trade and business organisations and associations and other contacts within the industry. The Company believes these internal surveys and management estimates are reliable; however, no independent sources have verified such surveys and estimates.

8. NO INCORPORATION OF WEBSITE INFORMATION

With the exception of the information specifically incorporated by reference, as described in paragraph 22 (“*Incorporation by Reference*”) and the documents on display listed in paragraph 23 (“*Document's Available for Inspection*”) of Part 16 (“*Additional Information*”) of this Prospectus, the contents of the websites of the Company (including any materials which are hyper linked to such websites) do not form part of this Prospectus and prospective investors should not rely on them.

9. REFERENCES TO DEFINED TERMS

Certain terms used but not otherwise defined in this Prospectus are defined, and certain technical and other terms used in this Prospectus are explained, in Part 17 (“*Definitions and Glossary*”) of this Prospectus.

PART 6
LETTER FROM THE CHAIRMAN OF THE COMPANY

SIG PLC

(Incorporated and registered in England and Wales with registered number 00998314)

Registered and Head Office
SIG plc
10 Eastbourne Terrace
London W2 6LG
United Kingdom

Directors

Andrew Allner (Non-Executive Chairman)
Steve Francis (Chief Executive Officer)
Ian Ashton* (Announced Chief Financial Officer)
Katharina Kearney-Croft (Interim Chief Financial Officer)
Alan Lovell (Senior Independent Non-Executive Director)
Kate Allum (Non-Executive Director)
Ian Duncan (Non-Executive Director)
Gillian Kent (Non-Executive Director)
Simon King* (Announced Non-Executive Director)

* with effect from 1 July 2020.

19 June 2020

Dear Shareholders

CD&R Investment for 240,000,000 New Ordinary Shares at 25 pence per New Ordinary Share

Firm Placing and Placing and Open Offer of 347,901,900 New Ordinary Shares at a price of 30 pence per New Ordinary Share

1. INTRODUCTION

SIG's board of directors (the **Board**) has today announced a proposed capital raise of £165 million by way of the CD&R Investment and a Firm Placing and Placing and Open Offer (the **Capital Raise**). The capital raise would provide the Group with an improved capital base from which to deliver the new strategy and accelerate the return to profitable growth.

The purpose of this letter is: (i) to set out the background to, and reasons for, the Capital Raise; (ii) to explain in greater detail the Group's new strategy; (iii) to summarise the key terms and conditions of the proposed CD&R Investment and Firm Placing and Placing and Open Offer; and (iv) to explain why the Board considers the proposed Capital Raise to be in the best interests of the Shareholders and why the Board unanimously recommends that Shareholders vote in favour of the Resolutions, as each Director has committed to do so in respect of his or her own legal and beneficial holdings of Shares.

2. SIG BUSINESS AND INDUSTRY OVERVIEW

SIG is a leading supplier of specialist building materials to trade customers across the UK, Ireland and Mainland Europe, with strong positions in its core markets as a specialist distributor of insulation and interiors products and as a merchant of roofing and exteriors products.

SIG plays an important role in the construction industry. For its customers, SIG facilitates one-stop access to an extensive product range, provides expert technical advice, breaks bulk supplies into suitable quantities and coordinates often complex delivery requirements, ensuring that customers are supplied with what they need, when it is needed. For its suppliers, SIG provides a channel through which suppliers can bring their products to a highly fragmented market of smaller customers conveniently and efficiently, extends product guidance and support, and provides fulfilment capability to sites that are of insufficient scale to supply direct. SIG is committed to delivering the highest levels of customer service.

As at 31 December 2019, the Group employed a headcount of 6,452 employees (excluding Air Handling), across the UK, Ireland, France, Germany, Poland and Benelux, comprising a high proportion of specialist customer service staff.

The Group currently operates two core businesses:

- **Specialist Distribution** (also known as **distribution**): The Group is a leading supplier of insulation products and interiors fit-out products in Europe, supplying customers with a comprehensive range of over 250,000 products via an extensive branch network of 200 sites as at 31 December 2019. The specialist distribution business operates primarily in the UK, France and Germany, which collectively represented 76% of the Group's specialist distribution revenue in 2019, as well as in Ireland, Poland and the Benelux area. The Group is either a market leader or a significant market player in the countries in which it operates, according to management estimates. The specialist distribution business (including SIGD) represented 70% of the Group's total underlying revenue in 2019.
- **Roofing Merchanting** (also known as **exteriors**): The Group is a leading specialist merchant of roofing products in the UK and France, with a branch network of 225 sites as at 31 December 2019. The roofing merchanting business (including SIGE) represented 30% of the Group's total underlying revenue in 2019.

The Group is exposed to a well-balanced profile of end-markets. The Group believes its focus towards non-discretionary RMI spend mitigates some of the volatility existent in the new-build industry. According to management estimates, in 2019, Specialist Distribution had just under half of its sales from the RMI sector, just under a quarter from the new residential sector, and the remainder split between industrial projects and new non-residential projects. During the same period, Roofing Merchanting had just under half of its sales from the RMI sector, just over half from new residential and new non-residential sectors, and the small remainder from industrial projects.

3. HISTORY AND PREVIOUS STRATEGIES

3.1. *2009-2019: a decade of disposals, rationalisation, debt and cost reduction*

The Group's operating profit margin remained largely stable from 2009 to 2018, due in part to the fact that from 2009 a series of initiatives were implemented at the Group with the objective of reducing cost and debt. Although these actions drove increases in profit, they have masked gradual loss of share in certain markets, as SIG's traditional differentiating strengths of customer proximity, service and expertise have been eroded over time.

In the wake of the 2008 global financial crisis and corresponding downturn in construction activity and a corresponding decrease in the Group's revenues and operating profit, the Group implemented a strategy focused on cost and debt reduction in order to navigate the prevailing austerity. Non-core operations were divested, management layers were reduced and branches were closed or merged to create a leaner organisation with a significantly reduced cost base. For example, between 2009 and 2013 the Group reduced its headcount by approximately 3,700 and closed or merged 220 branches. This was supported by the raising of £325 million of equity in 2009.

This strategy evolved further in 2014, with the Group taking additional steps to reduce the cost of materials and service, more in line with a commodity retail strategy rather than a specialist product and service provider. Cost and debt reduction remained a central focus, with the rationalisation of less profitable products, customers and branches.

In 2017, the cost and debt reduction strategy was sustained under the heading of a new operating model: realigning the Group to more centralised functional structures in each operating company, and thereby increasing operational efficiency, lowering inventory levels and restoring profitability. Price increases were also implemented in an effort to preserve margins. The revised 2017 strategy also prompted the closure or disposal of a number of peripheral, non-core business activities, narrowing the Group's focus while reducing indebtedness. Since the start of 2017, SIG has sold or closed 19 businesses, most recently the sale of its Air Handling business to France Air for an enterprise value of £187 million, generating a net cash inflow of £163 million, before transaction costs, which completed in January 2020.

During this decade, sight was lost of customers, suppliers and the morale of the Group's key commercial people.

3.2. *Financial performance over the period 2016 to 2019*

The Group's underlying revenue grew from £2,534 million in 2016 to £2,683 million in 2018 (including the results of the Group's Air Handling business). Over the same period, underlying profit before tax increased from £67.4 million to £75.3 million (including the results of the Group's Air Handling business). Net debt reduced from £299.2 million as at 31 December 2016 to £189.4 million as at 31 December 2018, with covenant leverage reducing from 2.6x to 1.7x over the same period. The reduction in debt was partly achieved through more active working capital management, including the use of non-recourse receivables factoring facilities.

The Group continued to demonstrate an improvement in profitability during the first half of 2019 as the levels of less profitable stock keeping units (**SKUs**) were reduced and branches were closed or merged. Underlying profit before tax increased from £25.1 million in the first half of 2018 to £30.0 million in the first half of 2019, with return on sales increasing from 2.5% to 2.9% over the same period.

However, this growth in profitability was a short-term gain that masked underlying damage to the Group in certain geographies. In the UK and Germany in particular, the prevailing cost and debt reduction strategy had led to the erosion of key unique selling points (**USPs**) for a fundamentally sales-led organisation, namely customer proximity, service and expertise.

An aggressive branch rationalisation and headcount reduction strategy, where the Group reduced the number of its trading sites from 661 (including Air Handling) at the beginning of 2017 and its headcount from 10,328 employees (including Air Handling) in January 2017, to 425 trading sites (excluding Air Handling) and a headcount of 6,452 (excluding Air Handling) as at 31 December 2019, resulted in weakened customer relationships, while the centralisation of key commercial functions caused a lack of visibility, autonomy and accountability at branch level.

These factors, alongside others set out in further detail within section 5 of this letter, resulted in talent, customers and ultimately sales moving to competitors, as well as a decline in sales. This decline in sales accelerated during the second half of 2019 in the UK, exacerbated by increasing political and macro-economic uncertainty leading up to the UK General Election, with UK Distribution and UK Exteriors experiencing a like-for-like reduction in sales of 26.1% and 12.5% respectively relative to the same period in 2018. Over the same period, Germany experienced a like-for-like reduction in sales of 5.0%.

The picture in SIG's other European markets, where implementation of the Group's strategy had been more selective in the operational changes adopted, were introduced gradually and had been better adapted to local

dynamics, was relatively more stable, with full year 2019 like-for-like sales for the Group, excluding the UK and Germany, up by 1.4% compared to the full year 2018.

The overall reduction in full year 2019 like-for-like Group sales of 7.6% for continuing operations relative to the full year 2018 more than offset the Group's cost reduction initiatives in impacting profitability, leading to SIG informing the market on 9 January 2020 that it expected full year underlying profit before tax for 2019 to be approximately £42.0 million, compared to £75.3 million for 2018 (in each case, including the results of the Air Handling business).

4. NEW SENIOR LEADERSHIP

In the context of the deterioration of SIG's financial performance towards the end of 2019, and the substantial completion of the Group's operational restructuring and simplification, the Board determined that it was appropriate to appoint new senior leadership, focused on returning the business to profitable growth and recapturing lost market share, particularly in the UK distribution and German businesses.

Steve Francis was appointed as Director and the interim Chief Executive Officer of the Group on 25 February 2020 and appointed on a permanent basis on 24 April 2020. Steve is a widely experienced CEO with a proven track record of driving rapid performance improvement through strong customer relationships, excellence in customer service and the creation of highly engaged teams.

Kath Kearney-Croft joined the Group in January 2020 initially to provide support to the executive team during the leave of absence of the former CEO, Meinie Oldersma, and was appointed as Director and the interim Chief Financial Officer of the Group on 25 February 2020. Kath has extensive experience from a number of financial leadership roles and was most recently Group Finance Director of The Vitec Group plc.

Further biographical information on Steve and Kath is included within Part 11 ("*Directors, Senior Management and Corporate Governance*") of this Prospectus.

A number of significant appointments have also been made to strengthen leadership of the Group's operating companies, including a new, highly experienced Managing Director for the Group's UK businesses, whose leadership is to be merged as part of the UK plan to recapture market share. Moreover, the leadership of the Group's Benelux and Germany businesses is being merged to create another strong business unit.

5. ANALYSIS OF PREVIOUS ACTIONS LEADING TO UNDERPERFORMANCE

Following the appointment of Steve Francis and Kath Kearney-Croft, the Board conducted an in-depth review of the factors leading to the deterioration in SIG's performance in the second half of 2019.

The review concluded that although the cost and debt reduction strategy implemented in 2017 had driven a temporary increase in profitability in 2018, this masked a deterioration in SIG's core USPs of customer proximity, service and expertise. The resulting loss of customers and talent contributed to a reduction in market share, particularly within the UK and German businesses. Accordingly, in the UK between 2017 and 2019, the Group's key competitors were able to grow their revenues while those of the Group declined. The situation in SIG's other European operating companies (France, Ireland, Poland and Benelux), which represented 40.9% of full year 2019 sales, was more positive, as implementation of the Group's strategy had been more selective in the operational changes adopted, and were introduced gradually and had been better adapted to local dynamics.

The key findings were as follows:

- **Centralisation:** Key commercial functions were centralised within operating companies, without adequate support systems and tools provided to enable effective decision-making at the local team and branch levels. Branch managers lost visibility of key sales tools such as rebate structures,

impeding their ability to retain and win customers in the market. Group-level systems were rolled out across the operating companies, sometimes against a local operating company's advice, contributing to loss of efficiency.

- Staff motivation and retention: The shift towards a centralised structure undermined the autonomy of branch managers and their teams, making the accountability of the branch unclear. Coupled with other operational decisions that were perceived to damage branch performance, staff morale was negatively impacted. A number of key managers left to join competitors, often taking their best teams and customers with them.
- Price increases: In an effort to offset losses of market share, prices were increased uniformly across a number of product categories, including commodity products in some cases. These increases did not take into consideration the sensitivity of sales volumes to potential price changes, and had a direct adverse impact on sales.
- Generalist vs specialist: A number of initiatives were implemented which compromised the specialist nature of SIG's product and service offering. Branch experts were replaced with generalists in an effort to reduce costs, and inventory was optimised to minimise working capital, contributing to a deterioration in customer service.
- Functional model: The transition to a functional model generated more siloed behaviour and encouraged internal rather than external focus, further undermining customer relationships.
- Branch rationalisation: The closure of branches across the Group resulted in the loss of customers and sales. The branch rationalisation strategy had assumed that sales from branches to be closed would be absorbed by the remaining branches, enabling sales to be maintained while reducing costs. However, this underestimated the importance of customer relationships at the branch level, and these closures instead resulted in a loss of customers to competitors.

These SIG specific issues contributed to a loss of market share in the UK and Germany, compounding a general deterioration in the level of construction activity across key markets. The resulting adverse impact on SIG's financial performance was significant, accelerating in the second half of 2019.

Further, following the Company's full year trading update published on 9 January 2020, the Company commissioned PricewaterhouseCoopers LLP (**PwC**) to undertake an independent review in light of the disparity between the forecast level of underlying profit before tax for the financial year 2019 set out in the Group's January 2020 trading update and market consensus of forecast profit before that announcement. The evidence as presented in PwC's report (the **PwC Report**) indicated a number of issues with the 2019 forecasting process, with a principal shortcoming being in the reporting to the Board of information received by the Group from its businesses. Further, the evidence indicated that, in the latter part of the second half of 2019 in particular, underlying forecasts from certain of the Group's businesses were the subject of material positive overlays at the Group level and, in addition, the attendant risks to those underlying forecasts were both poorly classified and poorly reported at the Group level, with the result that the Board was unsighted as to the overall picture. The PwC Report indicated that the issues identified were not adequately communicated to the Board.

Moreover, the Company voluntarily notified the FCA of the progress of the PwC review and has recently shared the PwC Report with the FCA for its consideration. After receipt of the PwC Report, in order to strengthen the Group's financial forecasting and internal reporting, the Company appointed KPMG to work with the Audit Committee to implement appropriate improvements to the Company's forecasting systems, procedures and controls, including those recommended in the PwC Report.

6. SIG'S NEW STRATEGY AND MEDIUM TERM VISION

6.1. SIG's new strategy: Re-connect, Re-energise and Re-set

Notwithstanding the issues summarised above, the Directors believe based on feedback gathered from discussions with suppliers, customers, senior employees and senior SIG alumni since new management arrived, that it is clear that the Group's franchise in Europe and the UK stands largely intact. The Directors believe SIG remains a market leader and a valued and necessary partner in the construction industry supply chain.

With the proposed strengthened capital structure in place, the Company believes that the Group would be well-positioned for growth with a strong leadership team at the helm and a new strategy focused on recapturing market share through SIG's extensive network of branches, passionate employees and strong customer base.

In order to return SIG to profitable growth and win back market share, the Board has developed a new, customer-centric strategy that reprioritises sales.

Fundamental to the new strategy is the recognition that SIG is a sales-led organisation, where the ability to win and retain customers is critical. The establishment of strong customer relationships, by empowering and energising key account and branch teams, and promoting an entrepreneurial spirit throughout the organisation, is key to this objective.

In France, Benelux, Poland and Ireland, where the Group's operational and financial performance has been more stable, the new strategy seeks to empower the Group's operating companies to move onto a growth footing.

In the UK and Germany, where the Group's operational and financial performance has seen greater deterioration, the new strategy focuses on first repairing the foundations of these businesses, creating the appropriate platform from which market share can be recaptured and profitable growth restored.

The Group's new strategy comprises seven key tenets:

- (a) Local P&Ls within a "franchise-style" operating model, supported by best in class operations and systems;
- (b) Rebalance the strategic focus between growth and cost reduction;
- (c) Strengthen sales-led culture by accelerating salesforce rebuild and augmenting commercial leadership throughout the organisation... "everyone sells";
- (d) Gain market share through enhanced customer proximity and service, including strengthening the branch network and augmenting the digital offering;
- (e) Generate economies of scale and of skill, including re-establishing more strategic and Board-led supplier partnerships;
- (f) Re-establish specialist focus and expertise; and
- (g) Leaner, smarter corporate functions; improve governance and financial discipline.

These will be supported by new strategic key performance indicators tracking progress on each of the seven elements listed above.

Through the implementation of these strategic initiatives and select additions to the management team, alongside the proposed Capital Raise, the Board is confident that SIG will return to profitable growth and achieve its vision to be the leading B2B distributor of specialist construction products in its key markets.

Further details on the key tenets of the Group’s new strategy are set out below:

- (a) *Local P&Ls within a “franchise-style” operating model, supported by best in class operations and systems;*

The new strategy is underpinned by the transition to a “franchise-style” operating model with local P&Ls, which seeks to rebalance the role of the local teams, branches and the centre. Key commercial functions were over-centralised within operating companies under the 2017-2019 cost and debt reduction strategy, resulting in a loss of autonomy and accountability at the front line (regional, key account / branch level), demotivation of local staff, slower decision-making and the inflation of central costs.

In a business which is sales-led and an industry where local customer relationships and understanding of market dynamics are key, the re-empowerment of key account and branch teams is fundamental to SIG’s recovery. The revised operating model inherent to the Group's new strategy is characterised by increased autonomy and accountability at the key account manager and branch levels, ensuring that local teams, branch managers and their staff have the tools and incentives to retain and win customers through excellent customer service and effective pricing.

The local teams and branches will be supported by lean central functions with deep expertise, responsible for overseeing performance, applying suitable controls, setting policy and providing the training and guidance necessary to ensure a common understanding and execution in accordance with the Company’s business philosophy: operational excellence and the highest governance standards.

The Group's new strategy is founded on a clear vision and culture. The Group has refreshed these and intends to ensure that they are consistently owned and lived within each of the countries in which the Group operates.

The Group's purpose and vision are summarised as follows:

Our purpose

Enable sustainable & safe living and working environments in the communities in which we operate

Our vision

To be the leading B2B distributor of specialist construction products in our key markets

<p>Applying our specialist knowledge, expertise and synergies of omni-channel distributors in supply chain, sourcing, finance management, reporting and sales</p>	<p>Leveraging significant capacity to grow in different market segments within the construction market, capturing adjacent opportunities within Roofing and Interiors</p>	<p>Being opportunist in external growth, respecting local brand and history while integrating new businesses into our model</p>
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Our culture

Our culture is underpinned by our **bold, flexible and agile** approach and we work together to do the right thing to **make a positive difference**

Our key strengths

<p>Employee Expertise Our people are our competitive advantage, with specialist product and market knowledge</p>	<p>Proximity-led Our leading branch network and omni-channel approach allows greater proximity to our customers</p>	<p>High Quality Service Our people go the extra mile to give our customers the products they need at the time they need them</p>	<p>Scale Intelligence Our scale in each of our operating countries enables strong supplier partnerships</p>
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- (b) *Rebalance the strategic focus between growth and cost reduction*

The Group’s previous strategy encompassed aggressive cost-cutting measures that sought to increase profits by growing margins rather than revenue. Although this delivered a degree of operational efficiencies in parts

of the organisation, this approach also contributed to an erosion of the Group’s specialist capabilities, loss of many key skilled employees and, ultimately, a reduction in market share.

The Group’s new strategy is founded on a sales-led approach and a plan to recapture lost market share, striking greater balance between cost reduction and revenue growth initiatives. The resulting increase in revenue is expected to result in more efficient use of the Group’s existing cost base, rather than necessitate significant additional costs to support this growth.

The Group’s strategic focus is summarised as follows:

Our strategic focus

We will achieve our vision through

<p>Nurturing passionate leadership throughout our business</p> <p>Growing our leading share in our chosen specialist markets through excellence in Service, Proximity and Expertise</p> <p>Seeking new market opportunities in the construction industry which suit our USPs and strategy and operating model</p> <p>Strengthening customer relationships through a consistent, disciplined and proactive approach to sales force management and training. We build sustainable, confident sales teams</p> <p>Becoming a primary customer to our key suppliers through scale, coverage and an intimate knowledge of their business and our markets</p> <p>Extracting economies of scale and skill through our modernised supply chain and continuously searching for opportunities to digitise our business</p> <p>We drive health and safety standards with determination, energy and passion to achieve Zero Harm and act responsibly in our impact on our communities and the environment</p>	<p>Aim to consistently achieve a profit margin of 5% in operating companies while reinvesting in business efficiency and innovation</p> <p>Modernising our operating model, continuing our direction towards:</p> <p>Driving an omni-channel customer and sales-led organisation built around strong, local relationships and supported by our network of specialists and well-invested national supply chains utilising digitisation wherever possible;</p> <p>Delegating accountability for performance to local teams supported by small divisional teams with deep functional expertise (e.g. Procurement, category management, operations, systems and digitisation);</p> <p>Ensuring lean and efficient Corporate and Group function, which oversees performance, provides industry leadership & vision, sets policy, apply suitable controls, provide guidance and support and to ensure high governance standards</p>
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Over-and-above the significant growth that the Directors believe can be delivered by a return to doing the basics well, the Board sees considerable value creation potential in the medium term by executing a disciplined consolidation strategy. A number of SIG’s end markets remain relatively fragmented and, as a leading player, the Group has developed a clear pipeline of opportunities that are ready to be advanced once the Group has returned to a position of financial strength.

(c) *Strengthen sales-led culture by accelerating salesforce rebuild and augmenting commercial leadership throughout the organisation... “everyone sells”;*

Fundamental to the Group’s new strategy is a renewed focus on strengthening customer relationships with a disciplined and proactive approach to sales force management and training. Through this, the Group will seek to build sustainable, winning sales teams that have the necessary autonomy, incentives and support to succeed. The creation of an entrepreneurial culture in which “everyone sells” is central to this objective.

The successful implementation of SIG’s new sales-led strategy is highly dependent on the strength of the leadership team in place to deliver it. Significant operational experience and capability was already in place before 2020, particularly in France, Poland and the Benelux countries, with a strong bench of operating company Managing Directors and Financial Directors.

The leadership team has been augmented in 2020 through a number of key appointments, including:

- Steve Francis: CEO

- Philip Johns: MD of newly merged management teams of the SIGD and SIGE UK divisions, the Group's largest division and focus of the Group's near-term market share recovery programme. Phil returns with 30 years of industry experience, gained mostly in SIG
- Kath Kearney-Croft: CFO (interim)
- Ian Ashton: CFO (appointed with effect from 1 July 2020)
- Further senior appointments to upgrade the Group's leadership

The central finance team has also been bolstered under Kath's leadership, with additional internal as well as external support in the near term.

The Group's revised people strategy represents a shift away from a centralised control model towards a culture of entrepreneurship, commitment and empowerment, led from the top. A key component of this is the upskilling and nurturing of key staff throughout the organisation, to ensure they have the capabilities and confidence to lead teams effectively.

- (d) *Gain market share through enhanced customer proximity and service, including strengthening the branch network and augmenting the digital offering;*

Due to the fragmented nature of the markets in which SIG operates, proximity to the customer is fundamental to developing relationships and growing sales.

The Group's extensive network of local teams and branches is considered by the Board to be a key strength, and the development and optimisation of this network, supported by tailored e-commerce channels, will remain an important pillar of the Group's new strategy.

In addition to maintaining and improving geographical coverage, SIG's new strategy seeks to devolve greater accountability and autonomy to the local teams and branches, empowering staff to win in the market.

SIG intends to lead the industry in the adoption of e-commerce and the development of digital intimacy, providing an additional channel through which to strengthen relationships with customers who demand and value it.

Although the disruption of the Group's end markets by online sales to date remains limited, SIG recognises the importance of remaining competitive in this space. Accordingly, over the past several years, SIG has been investing in an enhanced digital platform to complement telephone and branch sales and establish an omni-channel offering. The Group will continue to take a measured and phased approach, financing this investment from the Group's normal annual investment budget, thereby balancing the Group's capital at risk with the scale of the opportunity at each stage.

- (e) *Generate economies of scale and of skill, including re-establishing more strategic and Board-led supplier partnerships;*

SIG's scale is a clear differentiator relative to the majority of its smaller competitors. The new strategy focuses on extracting the benefits of this greater scale, without compromising the importance of the "franchise-style" operating model.

Key areas of benefit include: (i) coordination of nationwide supplier and customer contracts to achieve optimal rebate structures and terms, a key focus area of the new strategy; (ii) leveraging best practices across the Group, both within and across geographies; and (iii) fulfilment of large-scale orders that smaller competitors are unable to challenge for; and collaboration between local teams and branches to generate cross-sales.

The Group plans to also make greater use of economies of skill to complement its traditional economies of scale. The Group's size and breadth enables it to develop and exploit superior knowledge about the latest market trends and customer needs. The Company believes that the significant technical knowledge and capabilities involved in its specialist industry segment make it more difficult for new entrants to replicate the Group's capabilities. This is expected to enable the Group to form more strategic partnerships with suppliers and key customers driven from jointly evolved strategic business, product and supply chain innovation plans.

(f) *Re-establish specialist focus and expertise*

SIG's role as a specialist rather than commodity distributor has historically been a key strength. By focusing on niche segments and providing customers with a system of products, alongside deep technical expertise, SIG has successfully differentiated its offering from commodity providers and established strong market positions across its end markets.

Although the Group's franchise remains strong, the cost reduction strategy of recent years has resulted in a degree of commoditisation within SIG's offering, with a loss of highly skilled, technical staff and narrowing of the product range towards higher volume but less specialist products. In the UK and, to a lesser extent, Germany, this has contributed to a loss of market share as the Group's differentiating strengths have been eroded.

The Group's new growth strategy is focused on re-establishing the Group's specialist focus and expertise, both in terms of the products and systems offered, as well as the service and technical knowledge provided.

The Group will seek to achieve this through refinement of its product focus, leveraging technical expertise to deliver innovative solutions to customers. Furthermore, a renewed focus on talent attraction, development and retention is intended to support the upskilling of the workforce, strengthening partnerships with both customers and suppliers.

(g) *Leaner, smarter corporate functions; improve governance and financial discipline*

As SIG's centre has expanded under previous strategies, its role in supporting the Group's operating companies has become confused. As part of the transition to an effective "franchise-style" operating model, an important focus of the Board is to redefine the role of SIG plc. Rather than "command and control", the centre will be repositioned as a lean enabler, providing the Group's operating companies with the necessary resources, guidance and controls to operate effectively within their local markets.

SIG has also implemented a number of measures to improve the Group's financial discipline, in terms of both the quality of financial forecasting, as well as cost and cash management. This has been a key focus area for Steve Francis and Kath Kearney-Croft since joining the business, and revised processes and controls have been put in place to ensure a more rigorous and reliable forecasting process. The central finance team has also been strengthened to facilitate these improvements.

Enhanced key performance indicator (**KPI**) reporting has already been implemented to improve visibility of operational performance and current trading, allowing informed decisions to be taken on a timely basis.

Actions have also been undertaken to improve cost and working capital discipline at the Group, by adding capability and enhancing processes.

6.2. *Market share recapture plan*

The Group's market share recapture plan, particularly for SIG's UK businesses, SIGD and SIGE, as well as for its Germany and Benelux businesses, is built upon five key enablers:

(a) *Merger of leadership of SIGD and SIGE*

SIGD and SIGE will be merged utilizing a similar model to that already deployed in SIG France, to form a single UK division with a combined leadership team leveraging potential synergies in support functions whilst maintaining separate commercial organisations and footprints (primarily branches). The combined business will use a new regional structure focused on promoting local entrepreneurship, accountability and profit and loss responsibility.

SIGD and SIGE previously were supported by an in-house UK based finance shared service centre in conjunction with an outsourced off-shore finance team, creating a complex, inefficient structure with sub-optimal service levels. Plans are in motion to integrate the shared service centre into the UK businesses and to conduct a full review of the performance of the outsourced off-shore finance team.

Since 27 April 2020, the Group's UK businesses have been led by Philip Johns. Philip was Managing Director of SIGE from 2006 to 2015, at which point he left the Group to become CEO of MKM Building Supplies. He brings over 30 years of experience in the construction industry, specialising in merchanting and distribution. Philip's career includes 27 years at SIG. The Directors believe he is uniquely well-placed to lead the UK market share recapture element of the Group's new strategy. The Group's UK business has also recently recruited three commercial leaders, including Andy Williamson, who was formerly the IKO UK managing director, David Hope, who was formerly a SIG UK sales director, and Richard Burnley, who was formerly the SIGD South managing director and the managing director of Kingspan insulation.

(b) *Combined Germany/ Benelux Business Unit*

A similar combined management approach to that being deployed in the UK and France is being developed to combine the management of the German and Benelux businesses. Accordingly in May 2020, Ronald Hoozemans was appointed managing director of the combined business unit. Ronald was Managing Director of SIG Benelux before this appointment.

(c) *A clearer understanding of "core" business*

The Company is currently planning a review to refine the definitions of the Group's marketplace, in the light of the new strategy, and thereby revise and expand the definition of "core" business. This is designed to facilitate the development of a more expansive growth strategy in each of the Group's countries of operation. The Company expects this review to highlight opportunities, consistent with the Group's USPs (Expertise, Proximity, Service) to widen its product offering and deepen its geographic coverage.

(d) *Energise sales and market share recovery & growth efforts*

The Group plans to improve proximity to its customers by identifying and filling gaps in the Group's geographical coverage.

SIG will expand and upskill the sales force by restoring its industry-leading bench-strength of specialist local expertise in areas such as fire protection, energy efficiency and sustainable materials. Salesforce productivity will also be increased through enhanced sales management and training, supported by salesforce management tools, disciplines and aligned incentives. Customer reconnection will be a top priority.

The Group will support SIG representatives in all front line functions, including warehouse employees, drivers, recruiters and accounts teams.

The Group's progress to recapture market share is expected to be accelerated through the acquisition of small add-on local businesses within target product areas.

(e) *Facilitate growth through better operations*

A number of actions are underway in the Group's operations to increase efficiency and service levels to boost the sales effort, including:

- pricing tools and training for key account and branch managers, providing enhanced visibility and autonomy to set pricing quickly and competitively;
- improved product availability through the use of enhanced systems and more accurate operational key performance indicators such as stock availability;
- enhanced on time and in full delivery; and
- additional training which is being provided to the Group's workforce in order to promote operational excellence and customer service.

6.3. *The Group's medium term vision*

The Group has a robust plan in place to deliver a return to profitable growth and achieve the Board's vision of establishing SIG as the leading B2B distributor of specialist construction products in its key markets.

In the medium term, the Group is targeting the following key financial metrics:

- Margin: target an operating margin of approximately 5% within the Group's operating companies, and a Group operating margin of approximately 3%, trending towards approximately 5% in the longer-term
- Leverage: covenant leverage of <1.5x
- Dividend: dividend cover of 2.0-3.0x once appropriate leverage has been achieved

In summary, SIG remains a leading specialist supplier for the building materials and construction industries in its key markets. It is primed for growth under a strong, new management team, with a robust plan in place and positive indications across all the Group's operating companies. SIG remains exposed to a number of high growth end-markets, with leading positions across Mainland Europe. The traditional USPs that supported SIG in its markets previously, provide opportunities for SIG to grow even further and capitalise on the economic recovery following COVID-19.

The targets in this section consist of forward-looking statements and are based upon a number of assumptions (including the successful implementation of the Group's new strategy). Such statements provide no assurance of actual future results, and the Group's actual results may differ materially from these targets due to a variety of factors, some of which are outside the Group's control. In addition, unanticipated events may adversely affect the actual results that the Group achieves in future periods whether or not its assumptions prove to be correct. See also Part 2 ("*Risk Factors*") and Part 5 ("*Presentation of Information*") of this Prospectus.

7. IMPACT OF COVID-19, MITIGATING ACTIONS AND INDUSTRY DYNAMICS

7.1. *Impact of COVID-19*

The sudden rise of the COVID-19 pandemic in early 2020 quickly redirected focus from the implementation of the new strategy to more immediate measures designed to mitigate its effects. This required the rapid development of a coordinated and decisive response, and the operational agility of local managers to implement it. Collective actions across the Group's finance, treasury, human resource, sales, procurement

and operations functions at branch, regional and Group management levels were implemented in a coordinated and decisive fashion to mitigate the operational and financial impact.

The ability of the organisation to respond effectively to the pandemic through these measures demonstrates the Group's resilience and capacity for organisational change, and points towards the successful adoption of the new strategy as the Group emerges from this period of business disruption.

As a result of government restrictions that were implemented to mitigate the spread of COVID-19, large sections of SIG's end-markets experienced a severe reduction in sales. In the UK and Ireland during the closure period in April, the Group's businesses experienced a reduction of 86% compared to pre-COVID levels, represented by the national 14-day rolling daily average sales between January and mid-March, reflecting the closure of the majority of SIG's trading sites in response to government advice. The Group had re-opened all but two of the UK and Ireland sites by the end of May, resulting in national 14-day rolling daily average sales recovering to 63% of pre-COVID average sales levels as sites and the Group's customers began to re-open.

Trading activity suffered a temporary setback in France following the short-term closure of all branches for three days in mid-March, with the 14-day rolling average daily sales reduced to 32% of pre-COVID levels by early April. A staged reopening throughout April and into May saw, on average, France trading at 56% of pre-COVID revenue levels in April 2020, recovering to 5% above pre-COVID average sales levels by the end of May.

7.2. COVID-19 mitigating actions

In response to the challenges posed by the COVID-19 pandemic, the Group has implemented a comprehensive set of actions to reduce costs and manage liquidity. These actions include, but are not limited to:

- **Employees:** Over 2,000 employees were furloughed under the UK government's scheme and the majority of trading sites across the UK and Ireland were temporarily closed until mid-May when the majority of sites were reopened in the UK. Remaining staff and senior management agreed to take up to 20% temporary pay reductions, with the salaries of Directors temporarily reduced by up to 50% from 1 April 2020 to 30 June 2020. In mid-May 2020, the Company re-instated the executive Directors' pay from 50% to 80% at the same time as other Group employees were returning to work on full pay. The pay of executive and Non-Executive Directors is expected to be increased to 100% from 1 July 2020. The furloughing of employees, combined with other wage saving initiatives, has enabled the Group to retain an incremental approximately £8 million of cash in the year through 31 May 2020.
- **Government support:** Relevant government support is being accessed in all countries of operation, including employment support, tax and social security deferrals, and the business is assessing whether to apply for government loans (which are currently being considered in the UK, France and Germany, in coordination with the Group's existing financing arrangements). Tax and social security deferrals have been implemented where available in the UK (PAYE/NIC, VAT), in France (social charges, pension contributions), Germany (VAT), Poland (corporation tax), Belgium (VAT, payroll tax) and the Netherlands (VAT, payroll tax). In the aggregate, use of government support schemes has enabled the Group to defer approximately £19 million of cash payments in the year through 31 May 2020.
- **Capital expenditure:** Programmes that require significant cash investment and/or do not provide near-term business benefits have been paused, including major IT projects.
- **Customers:** The Group has maintained a sharp focus on proactively managing collections and monitoring overdue payments.

- Trade suppliers: The Group has conducted active discussions with large trade suppliers, in order to maintain continuity of supply while netting rebates and agreeing slower payment plans where possible.
- Non-trade suppliers: Deferral and term extension requests are being managed across non-trade suppliers, with a significant focus on IT and services and property, with property rates being deferred on UK properties and ‘empty’ or ‘retail’ relief claims submitted.
- Landlords: UK landlords have been approached to request that the June rent quarter payment is spread across the subsequent two quarters. In other cases, lease extensions are being offered in return for rent-free periods. The Group’s business in Poland has also approached landlords for rent reductions.
- Fleet leases: Payment holidays have been requested from fleet lease providers.
- Dividend: The Board took the decision not to declare a full year 2019 dividend, nor to consider any return to shareholders of the proceeds of recent disposals.

The decisive implementation of these mitigating actions has helped to reduce cash outflows across the Group.

7.3. *Industry dynamics beyond COVID-19 disruption*

Despite short-term disruption, a number of structural drivers underpin recovery in the construction sector and sustainable growth in the medium to long term, providing a supportive backdrop for SIG’s return to profitable growth. The Board sees potential for initial economic recovery as soon as late 2020 with potential for all markets and sub-sectors to return to growth by 2022.

These include:

(a) *Position in cycle*

The construction sector was at a mid-point in its economic cycle before the COVID-19 pandemic, rather than a cyclical high. Furthermore, in the UK and Europe, construction investment has lagged behind the wider economy since the mid-1980s, implying lower likelihood of a need for overbuild correction once the situation recovers.

(b) *Structural housing shortage*

Housing has not kept pace with the population across Europe and the UK. Residential under-build remains a key social and political factor across SIG’s key geographies. This may result in further public sector support for the sector, such as the possible reintroduction of the UK’s Help to Buy scheme, or an increase in private investment.

(c) *Fiscal stimulus*

Construction is likely to be a prime area of fiscal stimulus post COVID-19, as it provides a strong domestically geared multiplier in addition to addressing the political imperatives related to the residential housing industry. Moreover, the Company believes that there has been a structural under-investment in construction in the UK in particular, which may lead to additional opportunities going forward. Furthermore, there is potential for acceleration of pre-announced Government spending pledges, particularly in relation to infrastructure and housing.

(d) *Climate / Environmental, Social and Governance (ESG)*

The commitment to reduce greenhouse gas emissions supports greater activity in the construction of low-carbon buildings, through new build or conversion. Energy efficiency linked product verticals such as insulation and roofing are well positioned for growth.

SIG is well positioned to benefit from these positive structural drivers over the medium to long-term. The Group is an essential coordinator within the construction supply chain throughout the UK, Mainland Europe and Ireland, a market that is projected to be one of the first to rebound under government stimulus packages.

8. FINANCING AND LIQUIDITY

The Group closely monitors its funding position throughout the year, including monitoring compliance with covenants and available facilities to ensure it has sufficient headroom to fund operations. The Group's covenant net debt as at 31 December 2019 was £168.5 million, compared with covenant EBITDA for 2019 of £78.4 million. The Group's covenant leverage (the ratio of covenant net debt to covenant EBITDA) was 2.1x as at the same date.

As at 26 March 2020, the Group reported that it had cash resources of £135 million, following receipt of the sale proceeds of the Air Handling business. As a result of strengthened cash control measures, the Group was able to preserve its liquidity position and, as at 11 June 2020, the Group had cash resources of £181.7 million, compared to £155.3 million as at 30 April 2020, and a net debt position, pre-IFRS 16, of £85.4 million, compared to £114.1 million as at 30 April 2020. See paragraph 11.4 "Current trading liquidity" below for further details.

The cash control measures enacted by the Group (for example, increasing creditor days) and reduction in trading revenues for the year to May 2020 (reducing the amount of cash tied up as working capital) have resulted in a net working capital cash benefit. The unwind of these cash conservation measures, as well as the expected growth in sales as the Group returns to growth, will also require more working capital in the business, compared to its average historic levels, both to improve the service to customers and to support the Group's sales growth. This increase in working capital requirement will be funded from the Group's available resources at the time.

The Group's ability to maintain its liquidity position during this period of extreme uncertainty is a reflection of the effectiveness of the mitigating actions initiated by the Board, the agility of the organisation and the experience of the managers who enacted these measures throughout the Group.

Notwithstanding the effectiveness of these actions, the prolonged impact of COVID-19 is anticipated to have significant consequences on the Group's financial performance in 2020, both in terms of profitability and cash. The effect on profitability and net financial indebtedness is such that the Group anticipated that it would have breached the covenants attached to the Revolving Credit Facility Agreement and the Note Purchase Agreements at the 30 June 2020 testing date.

On arrival of the new CEO and interim-CFO in February 2020, and before the COVID-19 impact, the Company undertook an extensive review of its business and operating strategy. During these reviews, it became clear that, with the Group's reduced size and lower profitability, it would be necessary to re-set the financial structure put in place some years beforehand as average net debt levels remained high for the prospective profit levels in the business.

The Board concluded that a capital raise would be required to secure the continued support of the Group's RCF Lenders and Noteholders, and to establish a capital structure that is appropriate for the delivery of the Group's new strategy and growth plan. Accordingly, in April 2020, alongside commencing preparations for the Capital Raise, the Group entered into discussions with the RCF Lenders and Noteholders in order to address the anticipated covenant breach and determine a path through the current trading environment that would be amenable to all stakeholders.

The conclusion of this dialogue was that the RCF Lenders and the Noteholders have agreed to the Amendments and the Revised Covenants under their respective finance documents as a means of providing sufficient headroom for the Group to navigate a return to a sustainable financial structure in accordance with its business plan. In addition, conditional upon the Company's receipt of gross proceeds of at least £125 million from the Capital Raise: (i) the maturity of the Revolving Credit Facility Agreement will be extended from 27 May 2021 to 31 May 2023; (ii) the maturity of the Company's 2020 and 2021 Notes will be extended to 31 May 2023; and (iii) while the maturity of the Company's 2023 and 2026 Notes will not be amended, the holders of these Notes will be granted an option for these Notes to be redeemed on 31 May 2023 (with a make-whole as calculated in accordance with the terms of the relevant Notes). In addition, the Amended Debt Facilities Agreements include a new event of default which will occur 10 business days after an Equity Failure Event. An **Equity Failure Event** will occur if (among other events) the Company fails to receive gross proceeds of at least £125 million from the Capital Raise by 29 July 2020.

If an Equity Failure Event occurs, the Company would need to immediately re-engage with the RCF Lenders and Noteholders to determine any basis upon which those creditors would be prepared to continue to support the Group in the absence of any further capital in the short term. Those creditors would need to consider, in that context and on the basis of the Group's business plan, whether the Group's capital structure remains sustainable and would enable the Group to continue as a going concern. See paragraph 2.1 ("*The Company will be materially adversely affected and is at risk of not being able to continue as a going concern if the Capital Raise does not succeed*") of Part 2 ("*Risk Factors*") of this Prospectus.

9. REQUIREMENT FOR CAPITAL RAISE AND USE OF PROCEEDS

9.1. Requirement for capital raise

As noted above, in order to provide the Group with a strengthened balance sheet from which it can implement its new strategy, and to avoid an event of default under the Amended Debt Facilities Agreements as a result of the occurrence of an Equity Failure Event, the Board is proposing a capital raise seeking gross proceeds of £165 million by way of the Capital Raise.

The Capital Raise is intended to deliver the Group's objectives to:

- (a) emerge from the COVID-19 crisis with the financial resources required to deliver its new strategy, recapture market share and strengthen the Group's position as a market leader across its operating businesses;
- (b) ensure access to capital that will provide the Group with greater certainty, flexibility and balance sheet strength to pursue future growth opportunities; and
- (c) support the deleveraging of the Group's balance sheet, in line with the Board's medium-term target of covenant leverage of below 1.5x.

9.2. Use of proceeds

The Capital Raise is expected to raise £165 million in gross proceeds, which will be used to improve liquidity, provide further resilience against the effects of the ongoing COVID-19 pandemic on the Group's business, deliver the Company's new strategy, repay approximately £48 million of outstanding principal in respect of the Notes and to fund the unwind of various forms of government relief made available to mitigate the effects of the COVID-19 pandemic.

The overall effect is intended to give the Group the flexibility to execute its new strategy with a more sustainable financial structure. The Company believes that the proposed Capital Raise is the optimal solution to address the Group's current challenges and deliver on its renewed strategic potential.

Assuming successful completion of the Capital Raise, the Company believes that the Group remains well positioned in the medium to longer term. As a leading provider of specialist building materials to trade customers across the UK, Ireland and Mainland Europe, the Company is confident of returning the Group to profitable growth.

10. FINANCIAL IMPACT OF THE CAPITAL RAISE

Had the Capital Raise taken place as at the last balance sheet date, being 31 December 2019, the effect on the Group's balance sheet would have been an increase in cash of £92.2 million and a decrease of £52.7 million in liabilities, reflecting approximately £153.1 million in net cash proceeds from the Capital Raise (being gross proceeds of £165.0 million, less estimated fees and expenses of approximately £11.9 million in connection with the Capital Raise), and the prepayment of £48.0 million in a nominal amount of the Notes (at par plus interest accrued at the date of prepayment), as well as the payment of debt advisory fees of £8.2 million, together with lender fees relating to the Notes of £1.8 million and lender fees relating to the RCF of £2.9 million. The Group's *pro forma* net assets would have been £472.5 million.

Your attention is drawn to Part 15 (“*Unaudited Pro Forma Financial Information*”) of this Prospectus, which contains an unaudited *pro forma* statement of net assets and liabilities of the Group that illustrates the impact of the Capital Raise on the net assets and liabilities of the Group as at 31 December 2019 as if it had taken place at that date.

11. CURRENT TRADING AND OUTLOOK

11.1. Pre-COVID-19 period (January 2020 to February 2020)

The Group's underlying revenue for the two months ended 29 February 2020 was £296.0 million, down by £36.9 million from the prior year (two months ended 28 February 2019: £332.9 million), a like-for-like decline of 11.1%. Trading in the UK and Germany saw a continuation of the challenging trends seen in the last quarter of 2019, whilst trading activity in the rest of Europe was relatively stable.

Due to reduced sales volumes in key markets, gross profit margin fell compared to the prior year period (two months ended 28 February 2019).

As reported in the Group's trading update on 26 March 2020, the Group posted an underlying operating loss of £9.1 million (pre-IFRS 16), in the two months ended 29 February 2020.

11.2. COVID-19 lockdown period (March 2020 to April 2020)

As announced on 29 May 2020, the Group's underlying revenue for the two months ended 30 April 2020 was £235.0 million, down by £138.8 million from the prior year (two months ended 30 April 2019: £373.8 million). Revenues in the period were significantly impacted by the COVID-19 outbreak, particularly in the UK, Ireland and France.

On 30 March 2020, the Group announced that large parts of its UK market had seen sales fall away rapidly, in common with the broader construction industry. It was concluded that it was necessary and appropriate to temporarily close UK operations. Trading sites in Ireland were also temporarily closed due to restrictions implemented by the Irish Government.

The UK and Ireland businesses remained open to service critical and emergency projects only, such as for the NHS, energy and food sectors. Revenue, during the closure period in April, reduced to approximately £0.4 million per day on average, a reduction of approximately 86% compared to pre-COVID-19 average sales levels (6 January 2020 to 13 March 2020).

Trading activity suffered a temporary setback in France following the short-term closure of all branches for three days in mid-March, with the 14-day rolling average daily sales reduced to approximately 32% of pre-COVID-19 levels by early April. A staged reopening throughout April saw, on average, France trading at approximately 56% of pre-COVID-19 average sales levels in April.

The Group's operating companies in Germany, Poland and Benelux were impacted by government measures to a lesser extent, where trading continued from all sites and revenue fell to 82% of pre-COVID-19 levels in mid-April. By the end of April, these countries saw activity back to pre-COVID-19 average sales levels.

Similar to the first two months, the Group's gross profit margin in March and April was negatively impacted by the decline in overall sales, combined with a shift in mix away from the more profitable roofing merchandising businesses in the UK and France.

During the period, the Group took decisive cost actions in response to COVID-19 as well as accessing the government-supported job retention schemes, resulting in a reduction in its operating costs year-on-year.

11.3. *Gradual lifting of COVID-19 lockdown restrictions (May 2020 to June 2020)*

The Group has seen a gradual improvement in trading performance throughout May and June 2020, particularly in the UK and Ireland where branches continued to reopen during May as lockdown eased.

In the UK and Ireland, May revenues averaged approximately £1.3 million per day with 14-day rolling average daily sales recovering to 63% of pre-COVID-19 average sales levels by the end of the month, at which point all but two of the UK and Ireland sites had re-opened. This positive revenue trend has continued into June.

France also demonstrated a strong recovery during May with average sales of £2.1 million per day, notwithstanding that parts of the French construction market were not fully open. Daily sales were 5% above pre-COVID-19 average sales levels by the end of the month, reflecting the release of pent-up demand during the lockdown period, and signalling optimism for the early summer trading period when sales are seasonally strongest. 14-day rolling average daily sales have continued to improve in early June.

Sales in Germany, Poland and Benelux remained at pre-COVID-19 average sales levels during May, demonstrating stable demand after trading through the lockdown period. Although the sales cycle in these geographies mean revenue in the first few days of the month are generally lower, there have been no signs of a reduction in demand.

The Group's underlying revenue for May showed a steady recovery from its low point in April 2020. Although this remained below the underlying revenue achieved in March 2020, the Group's daily sales at the end of May was largely in line with March levels. The improvement in revenues has continued at the start of June with the Group trading broadly in line pre-COVID-19 levels. While revenues continued to be impacted by COVID-19 in some of the Group's primary markets, the strength of trading is testament to the capability and resilience of our operating companies to return to work quickly and effectively.

Although the improvement in trading performance is encouraging, this has been influenced by a range of factors, including re-stocking by customers as a result of previously subdued demand, and it is unclear, given the relatively short period of trading post-lockdown, whether this performance will be maintained going forwards.

Profitability across the Group has also improved materially during May 2020, with operating losses in the UK materially lower than management estimates at the time of the commencement of the lockdown and the rest of the Group trading profitably (before central costs). This has been driven by a combination of improved trading performance, particularly in the UK and Ireland, decisive cost actions by management and continued governmental support.

11.4. Current trading liquidity

The loss of revenues in 2020 is expected to impact profitability, cash generation and therefore debt levels. The Group has taken immediate and decisive action around cash conservation and these measures have resulted in estimated cash savings of approximately £27 million through 31 May 2020, comprising approximately £8 million of wage savings under the furlough schemes and other wage saving initiatives and a further approximately £19 million of tax and other deferrals through the use of government support schemes.

As at 11 June 2020 the Group had cash resources of £181.7 million, compared to £155.3 million as at 30 April 2020, and a net debt position, pre-IFRS 16, of £85.4 million, compared to £114.1 million as at 30 April 2020. While this improvement reflects in part timing benefits of when payments fall due, it also reflects improved levels of profitability, continued cost control actions, utilisation of governmental programmes and intensive, but careful, management of working capital. Whilst this improvement in available liquidity is encouraging, the Group expects that some of this positive cashflow will unwind over the remainder of 2020 as governmental support decreases and certain cash payment deferrals, including VAT and other taxes, are resolved.

The unwind of these cash conservation measures, as well as the expected growth in sales as the Group returns to growth, will also require more working capital in the business, compared to its average historic levels, both to improve the service to customers and to support the Group's sales growth. This increase in working capital requirement will be funded from the Group's available resources at the time.

11.5. Outlook

As a result of the impacts of declining revenues under the previous strategy and COVID-19 on the construction industry across Europe generally, management expects revenues for 2020 to be approximately £500 million lower than 2019 as reported, post the disposal of the Air Handling division. Management is targeting a return to around 2019 levels of Group revenues (as reported, post the disposal of the Air Handling division) in 2022.

While those geographies that were less severely impacted by COVID-19 are expected to recover faster, those which need strategic improvements may take longer to see the impact of management actions. The focus of the UK business through the second half of 2020 will be to continue to put the correct leadership structures and people in place, and restructuring the organisation to better position it to recapture market share. The planned combination of the leadership teams in UK Distribution and UK Exteriors is expected to reduce and simplify the central functions, resulting in a potential reduction in operating costs within the UK businesses of up to £4 million, after investments in front line sales to drive growth. In Germany and Benelux, the consolidation of the management structure is also intended to return Germany to growth after recent underperformance. In France, where the Group has shown resilience over the last few years, the business is expected to recover to targeted levels of revenue faster given its strong existing platform in the region.

Management remains focused on the overall levels of operating cost in the business which, if properly controlled, can result in significant operational gearing. The Group aims to grow its market share over time to leverage its cost base, which the Group seeks to supplement with improved processes and systems which the Board believes will improve Group productivity. The new strategy will be focused on growth with limited cost reductions outside the merging of senior management and central support functions in the UK and Germany and Benelux. Management's medium term target is to restore an operating margin of approximately 5% within the Group's operating companies and a Group operating margin of approximately 3%, trending towards approximately 5% in the longer term.

Depreciation and amortisation as a percentage of sales is expected to remain in line with historical levels going forward, capital expenditure is expected to run slightly ahead of depreciation and as a percentage of

sales return to historic levels given management's strategic plan focusing on operational improvements rather than requiring large capex investment.

The improvement in performance seen during May 2020 is encouraging and ahead of management expectations at the time of the commencement of the lockdown. However, there remains material uncertainty around the sustainability of this performance and trading conditions throughout the rest of 2020, particularly in respect of COVID-19.

12. DIVIDEND POLICY

The Group does not intend to pay a dividend for 2020, and will limit the 2021 interim dividend to £3.0 million. Under the terms of the Amended Debt Facilities Agreements, the 2021 final dividend and all subsequent dividends will be conditional on the Group's leverage being less than 2.25x in each case (including on a look forward basis), and will be subject to the further conditions that: (i) at the time the dividend is declared, no default under the Amended Debt Facilities Agreements is continuing or would result from the payment of the dividend; (ii) at the time of payment of such dividend, there are not any outstanding loans under the New RCF; and (iii) the dividend is made in accordance with the Company's most recently stated policy of maintaining a two to three times dividend cover ratio.

13. WORKING CAPITAL

13.1. Working Capital Statement

In the opinion of the Company, the Group does not have sufficient working capital for its present requirements, that is, for at least twelve months following the date of this Prospectus.

The Company has reached this opinion due to the fact that it must raise gross proceeds of at least £125 million by 29 July 2020 in order to avoid an Equity Failure Event under each Amended Debt Facilities Agreement. The Capital Raise relies heavily on the £94 million CD&R Investment, £60 million of which is not underwritten, in order to raise the minimum gross proceeds of £125 million. If the Capital Raise succeeds in raising the required £125 million, there will be no shortfall in working capital for at least twelve months following the date of this Prospectus.

The CD&R Investment is subject to certain conditions, which are outside the control of the Group and which, if not met, would result in the Capital Raise failing to occur in its present form and on the basis presented in this Prospectus. Specifically, the CD&R Investment will not proceed if the CD&R Subscription Agreement is terminated in accordance with its terms. If the CD&R Investment does not proceed, the Company will have triggered an Equity Failure Event under each Amended Debt Facilities Agreement and the Capital Raise would not occur in its present form and on the basis presented in this Prospectus, and Admission of the Shares to trading would not occur. If the Capital Raise were otherwise to fail to proceed or to raise gross proceeds of at least £125 million by 29 July 2020, the Company will also have triggered an Equity Failure Event under each Amended Debt Facilities Agreement. The occurrence of an Equity Failure Event will lead to an Event of Default occurring under each Amended Debt Facilities Agreement 10 business days thereafter.

13.2. Plan to rectify working capital shortfall

The Company proposes to rectify this anticipated shortfall in working capital by completing the Capital Raise by 29 July 2020. The Company is confident in its ability to rectify the working capital shortfall in this manner due to the support the Company has received for the Capital Raise in the form of the conditional CD&R Investment and the agreement by IKO, the Company's largest shareholder, to vote in favour of the Capital Raise Resolutions that it is entitled to vote on, to acquire 65.4 million New Ordinary Shares at the Issue Price in the Firm Placing and to take up in full its Open Offer Entitlements.

13.3. Implications of a failure of the Company's plan to rectify working capital shortfall

If an Equity Failure Event occurs due to: (i) the CD&R Subscription Agreement being terminated in accordance with its terms; or (ii) the Capital Raise otherwise failing to proceed or to raise gross proceeds of at least £125 million by 29 July 2020, the Company is required, no later than 5 business days thereafter, to provide a deleveraging plan for the approval of the RCF Lenders and the Noteholders. If the Event of Default occurring as a result of the Equity Failure Event is not waived by the requisite majority of the RCF Lenders and by each Noteholder, the RCF Lenders and the respective Noteholders would be entitled to accelerate and demand repayment in full of the amounts outstanding under the respective Amended Debt Facilities Agreements (including principal and accrued interest). The principal amounts outstanding under the Amended Debt Facilities Agreements as at the date of this Prospectus are £70 million under the Revolving Credit Facility Agreement and EUR181 million and USD30 million in respect of the Notes. The Group would then have an immediate liquidity need in an amount equal to such amounts, net of any cash then on hand. In such circumstances, the RCF Lenders and the Noteholders would also be entitled to make demand against various Group companies who have provided guarantees in respect of the Amended Debt Facilities Agreements. Following any such demand, the Group does not expect to have the funds available to repay such amounts at that time. In such circumstances, in the absence of being able to successfully agree or implement any of the alternatives discussed below, the Group would be unable to continue as a going concern.

Alongside the provision of a deleveraging plan to the RCF Lenders and Noteholders, the Company would immediately engage with the RCF Lenders and Noteholders to determine any basis upon which they may be prepared to continue to support the Group, if at all, in the absence of CD&R's participation or of any further capital being raised in the short term, as applicable. As a result, if an Equity Failure Event occurs, the Group would first seek to renegotiate the terms of the Amended Debt Facilities Agreements with the RCF Lenders and the Noteholders to secure waivers of any Equity Failure Event which had occurred and further accommodation (including the ability to make further drawings under the Revolving Credit Facility Agreement to meet the Group's liquidity requirements) to enable the Group to continue to trade as a going concern. However, the Group may be unable to obtain such waivers and further accommodation from the RCF Lenders and/or the Noteholders, either at all or without significant cost to the Group.

If the RCF Lenders and/or the Noteholders did not agree to waivers of the Equity Failure Event and to provide further accommodation (including the ability to make further drawings under the Revolving Credit Facility Agreement to meet the Group's liquidity requirements) on commercially acceptable terms to enable the Group to continue to trade as a going concern, the Group may seek alternative sources of funding to refinance the amounts outstanding under the Revolving Credit Facility Agreement and the Notes.

If the Equity Failure Event results from the Capital Raise failing to proceed or to raise gross proceeds of at least £125 million by 29 July 2020, the Company could take action to commence another equity raise under a new prospectus with new shareholder resolutions, or alternatively effect disposals of assets or a merger or acquisition transaction involving the Company. However, the Amended Debt Facilities Agreements restrict the Group's ability to make any such disposals and enter into such merger or acquisition transactions and the Group would need to receive the approval of the RCF Lenders and the Noteholders to make any such disposals or enter into such merger or acquisition transactions, which approval could be withheld.

As any of the above options would require the participation, agreement or approval of external parties, the Directors are not confident that any such alternative courses of action could be achieved in the limited time available on commercially acceptable terms, or that they ultimately would be successful. If the Company fails to secure any alternative funding on commercially acceptable terms and/or is otherwise unable to successfully pursue any of the above options on commercially acceptable terms, or at all, within the required time, the Company will cease to be able to operate as a going concern and the Board may, as a result, decide to place the Company into administration or petition the court for the compulsory liquidation of the Company, or the Company's creditors may petition the court for the administration or compulsory liquidation of the Company.

14. PRINCIPAL TERMS OF THE CAPITAL RAISE

14.1. General

The Company intends to raise aggregate gross proceeds of £104.4 million through the issue of 347.9 million New Ordinary Shares at the Issue Price of 30 pence per New Ordinary Share by way of the Firm Placing and Placing and Open Offer.

The Issue Price was set having regard to the prevailing market conditions and the size of the Firm Placing and Placing and Open Offer. The Issue Price represents a discount of approximately 10.6% to the closing price per Ordinary Share of 33.5 pence on 18 June 2020 (the last Business Day before the announcement of the Firm Placing and Placing and Open Offer). The Directors believe that it is necessary to offer the New Ordinary Shares at a discount to complete the Firm Placing and Placing and Open Offer, and accordingly believe that such discount is in the best interests of the Shareholders, and that the Issue Price (and the discount) is appropriate for the Firm Placing and Placing and Open Offer.

The Firm Placing and Placing and Open Offer are conditional on, among other things:

- the Capital Raise Resolutions being passed by the Shareholders at the General Meeting (or, with the Joint Bookrunners' written consent, at any adjournment of it);
- Admission becoming effective by not later than 8.00 a.m. on 10 July 2020 (or such later time and/or date as the Company and the Joint Bookrunners may agree, being not later than 8.00 a.m. on 27 July 2020); and
- each of the CD&R Subscription Agreement and the Sponsors and Placing Agreement otherwise becoming unconditional in all respects and not having been terminated in accordance with their respective terms before Admission.

See paragraph 10.1 (“*Sponsors and Placing Agreement*”) of Part 16 (“*Additional Information*”) of this Prospectus for a summary of the material terms of the Sponsors and Placing Agreement and paragraph 11 (“*CD&R Arrangements*”) of Part 16 (“*Additional Information*”) of this Prospectus for a summary of the material terms of the CD&R Subscription Agreement.

Accordingly, if any such conditions are not satisfied or, if applicable, waived, the Firm Placing and Placing and Open Offer will not proceed, any Open Offer Entitlements admitted to CREST will thereafter be disabled and application monies under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest, as soon as practicable thereafter. In these circumstances, the Firm Placing to the Firm Placees and the Placing to the Conditional Placees will not proceed.

The New Ordinary Shares to be issued pursuant to the CD&R Investment and the Firm Placing and Placing and Open Offer will, following Admission, rank *pari passu* in all respects with each other and with the Existing Ordinary Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Ordinary Shares after Admission.

The Capital Raise is expected to result in 590.0 million New Ordinary Shares being issued (representing approximately 49.9% of the Enlarged Share Capital).

Applications will be made to the FCA for the New Ordinary Shares proposed to be issued in connection with the Capital Raise to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Main Market for listed securities. Subject to fulfilment of all conditions applicable to Admission, it is expected that Admission will become effective, and dealings for settlement in the New Ordinary Shares will commence, at 8.00 a.m. on 10 July 2020.

A cash box structure will be used for the issue of the New Ordinary Shares pursuant to the Capital Raise (other than the Director and Senior Management Subscriptions).

14.2. CD&R Investment

CD&R has agreed, subject to fulfilment of certain conditions, to subscribe for New Ordinary Shares in the aggregate amount of up to £94.0 million. Of this amount, £60.0 million has been committed by CD&R in respect of New Ordinary Shares at an issue price of £0.25 per share. Further subscriptions of up to £34.0 million will be made by CD&R at the Issue Price under the Firm Placing (for an aggregate subscription amount of £20 million) and the Placing and Open Offer (for an aggregate subscription amount of up to £14 million, subject to clawback by Qualifying Shareholders under the Open Offer as outlined below). The CD&R Investment is conditional upon the satisfaction (or waiver by CD&R) of certain conditions, including: (i) passing of the Capital Raise Resolutions; (ii) the Austrian competition authorities (*Bundeswettbewerbsbehörde* and Federal Cartel Prosecutor) not having requested an investigation of CD&R's proposed subscription for New Ordinary Shares (a waiver to this effect was received on the date of this Prospectus); and (iii) Admission occurring by no later than 8 a.m. on 31 August 2020. The CD&R Investment of £60.0 million in respect of New Ordinary Shares at an issue price of £0.25 per share is not underwritten by the Joint Bookrunners pursuant to the Sponsors and Placing Agreement.

Upon and from Admission, CD&R will hold approximately 25% of the Enlarged Share Capital and the CD&R Relationship Agreement will become effective, and remain effective for so long as CD&R is entitled to exercise 10% or more of the votes able to be cast on matters at general meetings of the Company. For further information on the CD&R Relationship Agreement, see paragraph 11.2 of Part 16 ("*Additional Information*") of this Prospectus.

14.3. IKO Support

The Company's largest shareholder as at the date of this Prospectus, IKO Enterprises Limited (**IKO**), holding (together with its affiliates) approximately 14.8% of the issued share capital of the Company as at 18 June 2020 (being the latest practicable date before publication of this Prospectus), has agreed with the Company in a deed of irrevocable undertaking dated 19 June 2020 that it irrevocably undertakes, conditional only on the Capital Raise being announced and it receiving an allocation of 65.4 million New Ordinary Shares under the Firm Placing at the Issue Price, to vote in favour of the Capital Raise Resolutions that it is entitled to vote on and to take up in full its Open Offer Entitlements. The ability of IKO to participate in the Firm Placing is subject to independent shareholder approval due to IKO's status as a related party for the purpose of Chapter 11 of the Listing Rules. It has been agreed that IKO will not be subject to the requirement to subscribe for 50% of its total subscriptions in the Firm Placing and the remaining 50% in the Placing and Open Offer (see paragraph 14.4 ("*Firm Placing*") of this Part 6 ("*Letter from the Chairman of the Company*") below). Instead, IKO will receive an allocation of £19.6 million in the Firm Placing and will take up in full its Open Offer Entitlements to ensure it maintains its current ownership percentage of the Enlarged Share Capital (for further details, see paragraph 12.3 ("*IKO Irrevocable Undertaking*") of Part 16 ("*Additional Information*") of this Prospectus).

The Firm Placing and Placing and Open Offer (including IKO's participation) is underwritten by the Joint Bookrunners pursuant to the Sponsors and Placing Agreement (for further details, see paragraph 10.1 ("*Sponsors and Placing Agreement*") of Part 16 ("*Additional Information*") of this Prospectus).

As a consequence of IKO's existing interest in the Company, its agreed participation in the Firm Placing and Placing and Open Offer is a related party transaction for the purposes of Chapter 11 of the Listing Rules and will require the prior approval of independent Shareholders by ordinary resolution. Such a resolution has been included in the Resolutions at Part 18 ("*Notice of General Meeting*") of this Prospectus. IKO (and its associates) will not be entitled to vote on this resolution. The Board recognises the value that IKO's support has added to the Capital Raise (including CD&R's participation in the Capital Raise) and the Board has agreed to facilitate IKO's participation in the Capital Raise so that it does not suffer material dilution.

The Board, having been so advised by Jefferies International Limited and Peel Hunt LLP in their capacities as Joint Sponsors, considers that this related party transaction is fair and reasonable as far as the Shareholders are concerned and is in the best interests of the Shareholders as a whole. In providing advice to the Board, the Joint Sponsors have taken into account the Board's commercial assessments of the aforementioned related party transaction.

14.4. Firm Placing

The Company intends to raise £60.0 million (gross) through the Firm Placing at the Issue Price of 30 pence per New Ordinary Share to certain institutional investors. The Firm Placing comprises 200.0 million Firm Placed Shares (representing approximately 33.8% of the Existing Ordinary Shares). The Firm Placed Shares will represent approximately 16.9% of the Enlarged Share Capital following Admission, taking into account the effects of the Capital Raise.

The Firm Placees have agreed to subscribe for the Firm Placed Shares at the Issue Price. The Firm Placing is not subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. The Firm Placing is subject to the same conditions and termination rights which apply to the Placing and Open Offer.

The Firm Placing has been fully underwritten by the Joint Bookrunners pursuant to the Sponsors and Placing Agreement, the principal terms of which are summarised in paragraph 10.1 ("*Sponsors and Placing Agreement*") of Part 16 ("*Additional Information*") of this Prospectus. To the extent that any Firm Placee procured by the Joint Bookrunners fails to pay for any or all of the Firm Placed Shares which have been allocated to it, each of the Joint Bookrunners has severally agreed, on the terms and subject to the conditions set out in the Sponsors and Placing Agreement, to subscribe for such Firm Placed Shares in their agreed proportions.

Applications will be made to the FCA for the Firm Placed Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities. Subject to fulfilment of all conditions applicable to Admission and FCA approval, it is expected that Admission will become effective, and dealings for settlement in the Firm Placed Shares will commence, at 8.00 a.m. on 10 July 2020.

The Issue Price represents a discount of 3.5 pence (approximately 10.6%) to the closing price per Ordinary Share of 33.5 pence on 18 June 2020 (being the last Business Day before the announcement of the Firm Placing and Placing and Open Offer).

The Firm Placed Shares, when issued and fully paid, will be identical to, and rank *pari passu* with, the Existing Ordinary Shares in respect of all dividends or other distributions declared, made or paid after Admission. Firm Placees will not be able to participate in the Open Offer with respect to the Firm Placed Shares.

Placees will be required to agree to subscribe for 50% of their total subscriptions in the Firm Placing, and the remaining 50% in the Placing and Open Offer. It has been agreed that IKO will not be subject to this requirement. IKO will receive an allocation of £19.6 million in the Firm Placing and has agreed to take up in full its Open Offer Entitlements to ensure it maintains its current ownership percentage of the Enlarged Share Capital.

14.5. Placing and Open Offer

Under the Placing and Open Offer, the Company intends to issue 147.9 million Open Offer Shares (representing approximately 25.0% of the Existing Ordinary Shares) at the Issue Price, raising £44.4 million (gross). The Open Offer Shares will represent approximately 12.5% of the Enlarged Share Capital following Admission, taking into account the effects of the Capital Raise.

The Joint Bookrunners have, pursuant to the Sponsors and Placing Agreement, conditionally placed all of the Open Offer Shares at the Issue Price with institutional investors. The commitments of these placees are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. The Placing and Open Offer is fully underwritten. To the extent that any Conditional Placee procured by the Joint Bookrunners fails to pay for any or all of the Open Offer Shares which have been allocated to it, each of the Joint Bookrunners has severally agreed, on the terms and subject to the conditions set out in the Sponsors and Placing Agreement, to subscribe for such Open Offer Shares in their agreed proportions.

Subject to the fulfilment of the conditions set out above and on the terms and conditions of the Open Offer set out in Part 8 (“*Terms and Conditions of the Open Offer*”) of this Prospectus and, in the case of Qualifying Non-CREST Shareholders, the Application Form, Qualifying Shareholders are being given the opportunity to subscribe for New Ordinary Shares *pro rata* to their existing shareholdings at the Issue Price on the basis of:

1 New Ordinary Share for every 4 Existing Ordinary Shares

held by Qualifying Shareholders and registered in their name at the close of business on the Record Date.

Fractions of Ordinary Shares will not be allotted and each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number. Qualifying Shareholders with fewer than 4 Existing Ordinary Shares will therefore have no entitlement under the Open Offer.

If you have sold or otherwise transferred all of your Existing Ordinary Shares on or after the ex-entitlement date, you are not entitled to participate in the Open Offer.

Qualifying Shareholders may apply for any whole number of New Ordinary Shares up to their maximum entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST. Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Open Offer Entitlements.

Application has been made for the Open Offer Entitlements to be admitted to CREST. It is expected that the Open Offer Entitlements will be admitted to CREST as soon as possible after 8.00 a.m. on 23 June 2020. The Open Offer Entitlements will also be enabled for settlement in CREST as soon as possible after 8.00 a.m. on 23 June 2020.

The New Ordinary Shares are not being made available in whole or in part to the public except under the terms of the Open Offer. The Open Offer is not being made to Shareholders in the United States or in Excluded Territories (subject to certain exceptions) or to ADR Holders. Accordingly, Application Forms are not being sent to and Open Offer Entitlements are not being credited to the accounts of Shareholders in the United States or in Excluded Territories (subject to certain exceptions) or to ADR Holders.

Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market on behalf of or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, but will be subscribed for under the Placing for the benefit of the Company. If any Qualifying Shareholder does not take up its Open Offer Entitlements then, following the issue of the Open Offer Shares pursuant to the Open Offer, its interest in the Company will be diluted by approximately 49.9% (taking into account the dilutive effects of the CD&R Investment and the Firm Placing and Placing and Open Offer).

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part 8 (“*Terms and Conditions of the Open Offer*”) of this Prospectus and, where relevant, in the Application Form.

For Qualifying Non-CREST Shareholders, completed Application Forms, accompanied by full payment in accordance with the instructions in Part 8 (“*Terms and Conditions of the Open Offer*”) of this Prospectus, should be returned by post to Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours only) to Computershare, The Pavilions, Bridgwater Road, Bristol, BS13 8AE so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 8 July 2020. For Qualifying CREST Shareholders, the relevant CREST instructions must be settled as explained in this Prospectus by no later than 11.00 a.m. on 8 July 2020.

Some questions and answers in relation to the Open Offer, together with details of further terms and conditions of the Open Offer, including the procedure for applications and payment and the procedure in respect of entitlements not taken up, are set out in Part 8 (“*Terms and Conditions of the Open Offer*”) and Part 9 (“*Questions and Answers about the Placing and Open Offer*”) of this Prospectus and, where relevant, the Application Form.

15. EFFECT OF THE CAPITAL RAISE

Upon Admission and assuming no further vesting or exercise of awards under the Share Plans as further described in paragraph 8 (“*Employee Share Plans*”) of Part 16 (“*Additional Information*”) of this Prospectus, the Enlarged Share Capital is expected to be 1,181,556,977 Ordinary Shares. On this basis, the New Ordinary Shares will represent approximately 49.9% of the Enlarged Share Capital, and the Existing Ordinary Shares will represent approximately 50.1% of the Enlarged Share Capital.

Following the issue of the New Ordinary Shares to be allotted pursuant to the Capital Raise, a Qualifying Shareholder that takes up its Open Offer Entitlements in full will be diluted by 37.4% as a result of the CD&R Investment and the Firm Placing. A Shareholder that does not take up any Open Offer Shares under the Open Offer (or that is a Shareholder in the United States or an Excluded Territory that is not eligible to participate in the Open Offer) will experience a dilution of 49.9% as a result of the Capital Raise.

16. RELATED PARTY TRANSACTIONS

The Company’s largest shareholder, IKO Enterprises Limited (**IKO**), holding (together with its affiliates) approximately 14.8% of the issued share capital of the Company as at 18 June 2020 (being the latest practicable date before publication of this Prospectus), has agreed with the Company in a deed of irrevocable undertaking dated 19 June 2020 that it irrevocably undertakes, conditional only on the Capital Raise being announced and it receiving an allocation of 65,416,667 New Ordinary Shares under the Firm Placing at the Issue Price, to vote in favour of the Capital Raise Resolutions that it is entitled to vote on and to take up in full its Open Offer Entitlements. The ability of IKO to participate in the Firm Placing is subject to independent shareholder approval due to IKO’s status as a related party for the purpose of Chapter 11 of the Listing Rules. Such a resolution has been included in the Resolutions at Part 18 (“*Notice of General Meeting*”) of this Prospectus. IKO (and its associates) will not be entitled to vote on this resolution.

In addition, the proposed one-off payment of £375,000 to Steve Francis and his participation in the Capital Raise pursuant to the Director and Senior Management Subscriptions will be classed as a related party

transaction for the purposes of Chapter 11 of the Listing Rules but, as it is below the required threshold, it will not require the prior approval of Shareholders for the purposes of Chapter 11 of the Listing Rules.

The Board, having been so advised by Jefferies International Limited and Peel Hunt LLP in their capacities as Joint Sponsors, consider that these related party transactions outlined above are each fair and reasonable as far as the Shareholders are concerned and are each in the best interests of the Shareholders as a whole. In providing advice to the Board, the Joint Sponsors have taken into account the Board's commercial assessments of each aforementioned related party transaction.

17. ACTION TO BE TAKEN

If you are a Qualifying Non-CREST Shareholder (that is, you have a share certificate) with a registered address in a jurisdiction other than an Excluded Territory, you will have received an Application Form together with this Prospectus which gives details of your maximum entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for New Ordinary Shares, you should complete the enclosed Application Form in accordance with the procedure for application set out in paragraph 7 ("*Procedure for Application and Payment*") of Part 8 ("*Terms and Conditions of the Open Offer*") of this Prospectus and on the Application Form itself. If you do not wish to apply for any New Ordinary Shares, you should not complete or return the Application Form.

If you are a Qualifying CREST Shareholder, you will not have received an Application Form and you will instead receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your maximum entitlement under the Open Offer. You should refer to the procedure for application set out in paragraph 7 ("*Procedure for Application and Payment*") of Part 8 ("*Terms and Conditions of the Open Offer*") of this Prospectus.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 8 July 2020. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement.

Qualifying CREST Shareholders who are CREST Sponsored Members should refer to their CREST Sponsors regarding the action to be taken in connection with this Prospectus and the Open Offer.

If you are in any doubt as to the action you should take, you should immediately seek your own personal financial advice from an appropriately qualified independent professional adviser.

18. OVERSEAS SHAREHOLDERS

Shareholders who have registered addresses outside the United Kingdom, who are citizens or residents of countries other than the United Kingdom, or who are holding Ordinary Shares for the benefit of such persons (including, without limitation, nominees, custodians and trustees) or have a contractual or legal obligation to forward this Prospectus or the Application Form to such persons, should refer to paragraph 9 ("*Overseas Shareholders*") of Part 8 ("*Terms and Conditions of the Open Offer*") of this Prospectus, which sets out the restrictions applicable to such persons. If you are an Overseas Shareholder, it is important that you read that part of this Prospectus.

19. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

Applications will be made to the FCA for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Main Market for listed securities. It is expected that, subject to FCA approval, Admission will become effective, and dealings for settlement in the New Ordinary Shares will commence, at 8.00 a.m. on 10 July 2020.

No application is intended to be made for the Existing Ordinary Shares or the New Ordinary Shares to be admitted to listing or dealt in on any other exchange.

Subject to the satisfaction of the conditions of the Firm Placing and Placing and Open Offer, the New Ordinary Shares to be issued under the Firm Placing and Placing and Open Offer will be registered in the names of the person to whom they are issued, either:

- in certificated form, with the relevant share certificate expected to be dispatched by post, at the applicant's risk, within fourteen days of Admission; or
- in CREST, with delivery (to the designated CREST account) of the New Ordinary Shares applied for expected to take place on 10 July 2020 (unless the Company exercises its right to issue New Ordinary Shares in certificated form).

The results of the Firm Placing and Placing and Open Offer will be announced on a Regulatory Information Service.

20. ADDITIONAL INFORMATION

You are recommended to read all the information contained in this Prospectus and not only rely on the information in this letter or in Part 1 (“*Summary Information*”) of this Prospectus.

Shareholders and investors should consider fully and carefully the risk factors associated with the business of the Group and the Company's securities. Your attention is drawn to the risk factors set out in Part 2 (“*Risk Factors*”) of this Prospectus.

21. TAXATION

Information on UK taxation with regard to the Firm Placing and Placing and Open Offer is set out in paragraph 13 (“*UK Taxation*”) of Part 16 (“*Additional Information*”) of this Prospectus. This information is intended only as a general guide to the current tax position in the UK.

If you are in any doubt as to your own tax position, or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your own independent professional adviser without delay.

22. EMPLOYEE SHARE SCHEMES

In accordance with the rules of the Share Plans as further described in paragraph 8 (“*Employee Share Plans*”) of Part 16 (“*Additional Information*”) of this Prospectus, the number of Ordinary Shares subject to subsisting awards under such plans and/or the exercise price (if any) may be adjusted to take account of the issue of the New Ordinary Shares pursuant to the Open Offer (but not the Firm Placing and Placing). Participants will be contacted separately in due course with further information as to how (if at all) their awards will be adjusted. Participants in the SIP will be contacted with regard to the impact of the Open Offer on the Ordinary Shares held for them under the SIP and the actions (if any) that they may need to take.

23. THE RESOLUTIONS AND THE GENERAL MEETING

You will find set out at the end of this Prospectus a notice convening a general meeting of the Company to be held as a closed meeting at 10 Eastbourne Terrace, London, W2 6LG, United Kingdom at 11 a.m. on 9 July 2020 (the **General Meeting**). This General Meeting is being held for the purpose of considering and, if thought fit, passing the Capital Raise Resolutions and the Additional Resolution. A summary and explanation of the Capital Raise Resolutions and the Additional Resolution are set out below, but please note that this does not contain the full text of the Capital Raise Resolutions or the Additional Resolution

and you should read this section in conjunction with the Capital Raise Resolutions and the Additional Resolution in the Notice of General Meeting at the end of this Prospectus.

The Capital Raise Resolutions will give the Directors authority to:

- (a) issue and allot the New Ordinary Shares in connection with the Capital Raise;
- (b) issue and allot the New Ordinary Shares: (i) in respect of the CD&R Investment at a discount of 10.7% to the closing price of 28 pence per Ordinary Share on the last business day before announcement of the CD&R Investment; and (ii) in respect of the Firm Placing and Placing and Open Offer at a discount of 10.6% to the closing price of 33.5 pence per Ordinary Share on the last business day before announcement of the Firm Placing and Placing and Open Offer;
- (c) issue and allot the New Ordinary Shares without complying with the pre-emption rights in the Companies Act; and
- (d) issue and allot New Ordinary Shares to IKO (and/or its associates) in respect of its participation in the Firm Placing, as the issue and allotment of New Ordinary Shares to IKO (and/or its affiliates) would be a related party transaction under Chapter 11 of the Listing Rules, requiring Shareholder approval.

Each of the Capital Raise Resolutions are inter-conditional, so all of the Capital Raise Resolutions must be passed by Shareholders in order for the Capital Raise to proceed. The Board believes the Capital Raise and passing of all of the Capital Raise Resolutions, including the Capital Raise Resolution authorising a related party transaction with IKO as outlined above, will promote the success of SIG and is in the best interests of its Shareholders as a whole.

In addition to the Capital Raise Resolutions, the Board has recommended that, subject to Shareholder approval at the General Meeting of an authorising ordinary resolution (the **Additional Resolution**) and conditional on completion of the Capital Raise, Steve Francis receive a one-off payment of £375,000 (the **One-Off Payment**). The Additional Resolution, if passed, will give the Directors authority to make the One-off Payment. Mr. Francis has agreed, subject to the Additional Resolution being passed, to invest £150,000 of his own money in New Ordinary Shares as part of the Capital Raise. The Additional Resolution is required as the One-Off Payment would be outside the terms of the Directors' Remuneration Policy approved by Shareholders on 7 November 2018. If the Additional Resolution is not passed by Shareholders at the General Meeting, Mr. Francis will not invest in New Ordinary Shares as part of the Capital Raise. Mr Francis joined the Company as interim-CEO on 25 February 2020 on an initial contract to 31 December 2020. His remuneration included the opportunity to earn a bonus of up to 150% of salary based on the achievement of certain objectives. He was appointed as permanent CEO on 24 April 2020. During his time with the Company he has developed a compelling new strategy for the Group, significantly strengthened the top team with the appointment of new Managing Directors for the UK and Germany and helped in the recruitment of a new Group CFO (Ian Ashton), and is expected to have successfully led the Company through the Capital Raise (including the CD&R Investment and gaining the support of IKO). As a result the Company is expected to be financially more soundly based and in a position to execute its new growth strategy, thus providing the opportunity for significant shareholder value creation. The investment by Mr. Francis of £150,000 (if the Additional Resolution is approved) will mean that he will be investing a very meaningful proportion of the net payment amount in shares in the Company, thus further aligning himself with Shareholder interests.

The Capital Raise can proceed if the Additional Resolution is not passed by Shareholders, but Mr. Francis will not be able to participate in the Capital Raise in the manner outlined above in such circumstances.

After completion of the Capital Raise, the Board plans to consult with Shareholders on amendments to the directors' remuneration policy, specifically with respect to long term incentive plan arrangements.

The Company's issued share capital as at 18 June 2020 (being the latest practicable date before publication of this Prospectus) was 591,556,982 Ordinary Shares.

The Company is closely monitoring developments relating to the current outbreak of COVID-19, including the related public health guidance and legislation introduced by the UK Government. At the time of publication of this Prospectus, the UK Government has advised that large gatherings should not take place. In light of these measures, the Company is planning for the General Meeting, at which the Resolutions will be proposed, to be held as a closed meeting. Shareholders will not be able to attend the meeting and anyone seeking to attend will be refused entry. The Company will make arrangements such that the legal requirements to hold the meeting can be satisfied through the attendance of a minimum number of Directors or employees (who are also Shareholders in the Company) and the format of the meeting will be purely functional. Although the General Meeting is to be held as a closed meeting, the Resolutions will be voted on in accordance with the proxy votes received from Shareholders. Shareholders are therefore strongly encouraged to submit a proxy vote electronically in advance of the meeting. Details on how to submit your proxy vote are set out in the notes to the Notice of General Meeting. Given the current restrictions on attendance, Shareholders are urged to appoint the Chairman of the meeting as their proxy to ensure their vote will be counted (rather than a named person who will not be permitted to attend the meeting).

Arrangements have been made to provide a dial-in facility for the General Meeting to allow Shareholders to listen to the General Meeting remotely given that they will be unable to attend in person. Please note that no facility will be available to Shareholders to vote or to raise questions during the General Meeting, and so Shareholders are (as outlined above) encouraged to submit proxy votes in advance of the General Meeting.

Should any Shareholders wish to submit questions in advance of the General Meeting, they are encouraged to do so by e-mail to cosec@sigplc.com at any time between the date of this Prospectus and 5.00 p.m. on 3 July 2020, and the Company will endeavour to provide answers to such questions during the course of the General Meeting.

Details of how Shareholders can access the dial-in facility are included in the Forms of Proxy issued to Shareholders.

The current situation is constantly evolving and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. Any changes to the General Meeting will be communicated to Shareholders before the General Meeting through our website and, where appropriate, by RIS announcement.

24. IMPORTANCE OF VOTE

Your attention is again drawn to the fact that the Capital Raise is conditional and dependent upon, amongst other things, the Capital Raise Resolutions being passed at the General Meeting.

Shareholders are asked to vote in favour of the Capital Raise Resolutions at the General Meeting in order for the Capital Raise to proceed. Shareholders are also asked to vote in favour of the Additional Resolution at the General Meeting.

The Directors believe that the successful completion of the Capital Raise will significantly strengthen the Group's balance sheet and provide it with the capacity to continue to invest in support of its strategic objectives, for the benefit of Shareholders.

The Capital Raise is conditional on, among other things, the Capital Raise Resolutions being passed at the General Meeting. If the Capital Raise Resolutions are not approved by the requisite percentage of members of the Company by 24 July 2020, the Capital Raise will not be able to proceed and an equity failure event under and as defined in each Amended Debt Facilities Agreement (an **Equity Failure Event**) will occur.

Even if the Capital Raise Resolutions are passed, failure of the Capital Raise to proceed, or to raise gross proceeds of at least £125 million by 29 July 2020, will also constitute an Equity Failure Event.

Should the Capital Raise proceed and raise gross proceeds of at least £125 million, no Equity Failure Event will be triggered and the Company will have sufficient working capital for the next 12 months following the date of this Prospectus.

However, the Capital Raise relies heavily on the investment contribution of CD&R, £60 million of which is not underwritten, in order to raise the minimum gross proceeds of £125 million. Moreover, in addition to the events set out above, an Equity Failure Event will also occur and the Capital Raise would not occur in its present form and on the basis presented in this Prospectus, and Admission of the Shares to trading would not occur, if the CD&R Subscription Agreement or the Sponsors and Placing Agreement are terminated or fail to become effective in accordance with their respective terms, in each case, before the closing of the Capital Raise.

The occurrence of an Equity Failure Event will lead to an event of default occurring under each Amended Debt Facilities Agreement 10 business days thereafter. If an Equity Failure Event occurs, the Company is required, no later than 5 business days thereafter, to provide a deleveraging plan for the approval of the RCF Lenders and the Noteholders. Any deleveraging plan is required to include: (i) the Company's up to date business plan produced on the basis of an Equity Failure Event and the Company's assessment of the COVID-19 situation at the time of the production of such business plan; (ii) the Company's proposed capital structure in light of such business plan; (iii) the actions which the Company intends to pursue to ensure a deleveraging of the Group's balance sheet (including any disposals proposed to be made any member of the Group and the assumed value range in respect of each such disposal); (iv) the Company's requests of the RCF Lenders and Noteholders in light of the same; (v) the Company's proposals to grant security in favour of the RCF Lenders, the Noteholders and trustee of the UK defined benefit pension scheme (the **Pension Scheme**) on the basis of principles to be agreed; and (vi) the Company's latest 13 week cashflow forecast and the proposals to meet its immediate liquidity requirements over the period of such forecast.

If an Event of Default occurring as a result of an Equity Failure Event is not waived by the requisite majority of the RCF Lenders and by each Noteholder, the RCF Lenders and the respective Noteholders would be entitled to accelerate and demand repayment in full of the amounts outstanding under the respective Amended Debt Facilities Agreements (including principal and accrued interest). The principal amounts outstanding under Amended Debt Facilities Agreements as at the date of this Prospectus are £70 million under the Revolving Credit Facility Agreement and EUR181 million and USD30 million in respect of the Notes. The Group would then have an immediate liquidity need in an amount equal to such amounts net of any cash then on hand. In such circumstances, the RCF Lenders and the Noteholders would also be entitled to make demand against various Group companies who have provided guarantees in respect of the Amended Debt Facilities Agreements. Following any such demand, the Group does not expect to have the funds available to repay such amounts at that time. In such circumstances, in the absence of being able to successfully agree or implement any of the alternatives discussed below, the Group would be unable to continue as a going concern.

Alongside the provision of a deleveraging plan to the RCF Lenders and Noteholders, the Company would immediately engage with the RCF Lenders and Noteholders to determine any basis upon which they may be prepared to continue to support the Group, if at all, in the absence of any further capital in the short term. As a result, if the Capital Raise does not proceed or fails to raise gross proceeds of at least £125 million by 29 July 2020 or an Equity Failure Event occurs otherwise, the Group would first seek to renegotiate the terms of the Amended Debt Facilities Agreements with the RCF Lenders and the Noteholders to secure waivers of the Equity Failure Events which had occurred and further accommodation (including the ability to make further drawings under the Revolving Credit Facility Agreement to meet the Group's liquidity requirements) to enable the Group to continue to trade as a going concern. However, the Group may be unable to obtain such waivers and further accommodation from the RCF Lenders and/or the Noteholders, either at all or without significant cost to the Group in the form of additional fees payable to the RCF Lenders

and the Noteholders, increased coupon payments and/or additional restrictions on corporate actions (e.g. in respect of acquisitions and disposals), which could adversely affect or delay implementation of the Group's strategies. Without the proceeds of the Capital Raise, any amendments to the Amended Debt Facilities Agreements may only serve as a short-term solution that would not fundamentally address the Group's balance sheet and liquidity concerns in the longer term.

If the RCF Lenders and/or the Noteholders did not agree to waivers of the applicable Equity Failure Event and to provide further accommodation (including the ability to make further drawings under the Revolving Credit Facility Agreement to meet the Group's liquidity requirements) on commercially acceptable terms to enable the Group to continue to trade as a going concern, the Group may seek alternative long-term committed debt facilities to refinance the £70 million outstanding under the Revolving Credit Facility Agreement and/or the EUR181 million and USD30 million outstanding under the Notes, including any make-whole premiums payable under the relevant Notes, and to provide access to further funding to meet the Group's liquidity requirements and to enable the Group to continue to trade as a going concern. The terms of any such new facilities, if available at all, would likely be more expensive and onerous than those which currently apply under the Amended Debt Facilities Agreements. If alternative committed debt facilities could not be secured on commercially acceptable terms, or at all, then the Group could try to secure other forms of funding, such as through a debt and equity restructuring, which may result in a significant dilution of Existing Shareholders' equity interests in the Company or, could result in Existing Shareholders losing the entire value of their equity interests in the Company and/or its operating businesses (for example as may be the case were the Group's operating businesses transferred to a newly established vehicle owned by the RCF Lenders and/or the Noteholders via an administration of the Company). The Group could also take action to effect disposals of assets (such as the disposal of one or more of the Group's operating businesses to facilitate a reduction of the Group's outstanding indebtedness) or a merger or acquisition transaction involving the Company. However, the Amended Debt Facilities Agreements restrict the Group's ability to make any such disposals and enter into such merger or acquisition transactions and the Group would need to receive the approval of the RCF Lenders and the Noteholders to make any such disposals or enter into such merger or acquisition transactions, which approval could be withheld.

As any of the above options would require the participation, agreement or approval of external parties, the Directors are not confident that any such alternative courses of action could be achieved in the limited time available on commercially acceptable terms, or that they ultimately would be successful. If the Company fails to secure any alternative funding on commercially acceptable terms and/or is otherwise unable to successfully pursue any of the above options on commercially acceptable terms, or at all, within the required time, the Company will cease to be able to operate as a going concern and the Board may, as a result, decide to place the Company into administration or petition the court for the compulsory liquidation of the Company, or the Company's creditors may petition the court for the administration or compulsory liquidation of the Company. If the Board is required to place the Company into administration or liquidation, debts would become due from the Group to its Pension Scheme under section 75 of the Pensions Act 1995 which would result in the trustees of that scheme having a substantially higher claim on the remaining assets of the Group. See paragraph 2.10 "*The Group operates a number of funded and unfunded defined benefit pension schemes and schemes with related obligations in certain of its operating jurisdictions.*" of Part 2 "*Risk Factors*" of this Prospectus. Insolvency proceedings under the laws of the relevant jurisdictions may also be commenced with respect to subsidiaries of the Company which are guarantors under the Amended Debt Facilities Agreements. This could result in Existing Shareholders losing part of or all of their investment in the Company.

Accordingly, the Directors believe that the successful completion of the Capital Raise represents the best option available to the Group.

The Capital Raise does not require the passing of the Additional Resolution to proceed.

If the Additional Resolution is not passed, the Capital Raise can still proceed but the CEO will not be paid the One-Off Payment and will not subscribe for New Ordinary Shares.

25. DIRECTORS' PARTICIPATION IN THE CAPITAL RAISE

Separate to the Firm Placing and Placing and Open Offer, certain Directors and members of Senior Management have agreed to subscribe for 2,098,095 New Ordinary Shares at the Issue Price in connection with the Capital Raise, conditional upon Admission occurring.

As outlined above, if the Additional Resolution is passed, Steve Francis intends to invest £150,000 in New Ordinary Shares as part of the Capital Raise pursuant to the Director and Senior Management Subscriptions.

The other Directors participating in the Capital Raise pursuant to the Director and Senior Management Subscriptions intend to subscribe for New Ordinary Shares at the Issue Price as follows (in each case rounded to the nearest pound):

- Andrew Allner proposes to subscribe for New Ordinary Shares for an investment amount of £43,814;
- Alan Lovell proposes to subscribe for New Ordinary Shares for an investment amount of £45,000;
- Kath-Kearney Croft proposes to subscribe for New Ordinary Shares for an investment amount of £20,000;
- Ian Ashton proposes to subscribe for New Ordinary Shares for an investment amount of £50,000; and
- Simon King proposes to subscribe for New Ordinary Shares for an investment amount of £50,000.

Such subscriptions are not related party transactions requiring Shareholder approval in accordance with Chapter 11 of the Listing Rules due to their size.

Such subscriptions are not underwritten by the Joint Bookrunners pursuant to the Sponsors and Placing Agreement (for further details, see paragraph 10.1 ("*Sponsors and Placing Agreement*") of Part 16 ("*Additional Information*") of this Prospectus). However, due to the small quantum of such subscriptions, the fact that they are not underwritten does not materially impact the Capital Raise or, in the Company's view, create a material risk of an Equity Failure Event.

For further information on the Director and Senior Management Subscriptions, see paragraph 6.2 ("*Directors and Senior Management's participation in the Capital Raise*") of Part 16 ("*Additional Information*") of this Prospectus.

26. BOARD'S RECOMMENDATION AND VOTING INTENTIONS

The Board believes the Capital Raise and passing of all of the Resolutions will promote the success of SIG and is in the best interests of its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors each have committed to do so in respect of their own holdings, amounting to 78,198 Existing Ordinary Shares (representing approximately 0.01% of SIG's existing issued ordinary share capital as at 18 June 2020 (being the latest practicable date before the publication of this Prospectus)).

The Board, having been so advised by Jefferies International Limited and Peel Hunt LLP in their capacities as Joint Sponsors, consider that each related party transaction in connection with the Firm Placing and Placing and Open Offer as described in paragraph 16 of this Part 6 (Letter from the Chairman of the Company) is fair and reasonable as far as the Shareholders are concerned and is in the best interests of the Shareholders as a whole. In providing advice to the Board, the Joint Sponsors

have taken into account the Board's commercial assessments of each aforementioned related party transaction.

Yours faithfully,

for and on behalf of SIG plc
Andrew Allner
Chairman

PART 7
INFORMATION CONCERNING THE NEW ORDINARY SHARES

1. DESCRIPTION OF THE TYPE AND CLASS OF NEW ORDINARY SHARES BEING OFFERED

The New Ordinary Shares to be issued by the Company will be ordinary shares with a nominal value of £0.10 each, with the same ISIN as the Existing Ordinary Shares (GB0008025412). Following Admission, which is expected to occur on 10 July 2020, the Company will have one class of Ordinary Shares, the rights of which are set out in the Articles.

The New Ordinary Shares will be credited as fully paid and will be free from all liens, equities, charges, encumbrances and other interests.

2. LEGISLATION UNDER WHICH THE NEW ORDINARY SHARES WILL BE CREATED

The New Ordinary Shares will be created under the Companies Act.

3. LISTING

The Existing Ordinary Shares are listed on the premium listing segment of the Official List and are admitted to trading on the London Stock Exchange's Main Market for listed securities. Applications will be made to the FCA for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Main Market for listed securities.

It is expected that, subject to FCA approval, Admission will become effective, and dealings for settlement in the New Ordinary Shares will commence, at 8.00 a.m. on 10 July 2020.

4. FORM AND CURRENCY OF THE NEW ORDINARY SHARES

The New Ordinary Shares will, when issued, be in registered form and will be capable of being held in certificated and uncertificated form. The Registrar is Computershare Investor Services PLC. Title to the certificated New Ordinary Shares will be evidenced by entry in the register of members of the Company and title to uncertificated New Ordinary Shares will be evidenced by entry in the operator register maintained by Euroclear (which forms part of the register of members of the Company). No share certificates will be issued in respect of the New Ordinary Shares in uncertificated form. If any New Ordinary Shares are converted to be held in certificated form, share certificates will be issued in respect of those shares in accordance with applicable legislation. The New Ordinary Shares will be denominated in Pounds Sterling.

5. RIGHTS ATTACHED TO THE NEW ORDINARY SHARES

Each New Ordinary Share will rank *pari passu* in all respects with each other and with each Existing Ordinary Share, and will have the same rights and restrictions as each other and as each Existing Ordinary Share. There are no restrictions on the free transferability in relation to the New Ordinary Shares or Existing Ordinary Shares. Further details of the rights attaching to the Existing Ordinary Shares and the New Ordinary Shares are set out in paragraph 4 (“*Summary of the Articles of Association*”) of Part 16 (“*Additional Information*”) of this Prospectus.

6. CAPITAL RAISE RESOLUTIONS, AUTHORISATIONS AND APPROVALS RELATING TO THE NEW ORDINARY SHARES

At the General Meeting to be held on 9 July 2020, the Capital Raise Resolutions will be considered by the holders of the Existing Ordinary Shares and, if thought fit, passed. Subject to the Capital Raise Resolutions

being passed by the requisite majorities of Shareholders, the New Ordinary Shares will be allotted and issued pursuant to the authorities granted in the Capital Raise Resolutions.

The Capital Raise Resolutions will give the Directors authority to:

- (a) issue and allot the New Ordinary Shares in connection with the Capital Raise;
- (b) issue and allot: (i) the New Ordinary Shares in respect of the CD&R Investment at a discount of 10.7% to the closing price of 28 pence per Ordinary Share on the last business day before announcement of the CD&R Investment; and (ii) the New Ordinary Shares in respect of the Firm Placing and Placing and Open Offer at a discount of 10.6% to the closing price of 33.5 pence per Ordinary Share on the last business day before announcement of the Firm Placing and Placing and Open Offer;
- (c) issue and allot the New Ordinary Shares without complying with the pre-emption rights in the Companies Act; and
- (d) issue and allot New Ordinary Shares to IKO (and/or its affiliates) in respect of its participation in the Firm Placing, as the issue and allotment of New Ordinary Shares to IKO (and/or its affiliates) would be a related party transaction under Chapter 11 of the Listing Rules, requiring Shareholder approval.

Each of the Capital Raise Resolutions are inter-conditional, so all of the Capital Raise Resolutions must be passed by Shareholders in order for the Capital Raise to proceed.

Shareholders will also be asked to vote on the Additional Resolution at the General Meeting. The Directors have recommended that Shareholders vote in favour of the Capital Raise Resolutions and the Additional Resolution, but only the Capital Raise Resolutions are strictly required to be passed in order for the Capital Raise to proceed.

The Company's issued share capital as at 18 June 2020 (being the latest practicable date before publication of this Prospectus) was 591,556,982 Ordinary Shares.

7. DILUTION

Following the issue of the New Ordinary Shares to be allotted pursuant to the Capital Raise, a Qualifying Shareholder that takes up its Open Offer Entitlements in full will be diluted by 37.4% as a result of the CD&R Investment and the Firm Placing. Shareholders who do not (or who are in the United States or an Excluded Territory and are not eligible to) participate in the Firm Placing and Placing and Open Offer will suffer a total dilution of up to 49.9% of their interests in the Company as a result of the Capital Raise.

8. TAXATION

Please see paragraph 13 (“*UK Taxation*”) of Part 16 (“*Additional Information*”) of this Prospectus for information relating to taxation (including a discussion of UK stamp duty and stamp duty reserve tax (**SDRT**) which is relevant to holders of Ordinary Shares, irrespective of their tax residence). Investors should note that the tax legislation of the investor's country and of the issuer's country of incorporation may have an impact on the income received from the securities.

PART 8 TERMS AND CONDITIONS OF THE OPEN OFFER

1. INTRODUCTION

As explained in the letter set out in Part 6 (“*Letter from the Chairman of the Company*”) of this Prospectus, the Company intends, subject to certain conditions, to issue 347,901,900 New Ordinary Shares at the issue price of 30 pence per New Ordinary Share pursuant to the Firm Placing and Placing and Open Offer to raise in aggregate, together with the proceeds of the CD&R Investment, £165 million, less of aggregate underwriting commissions, taxes and other estimated fees and expenses in connection with the Capital Raise of approximately £11.9 million, representing approximately 49.9% of the issued share capital of the Company immediately following Admission.

The Company intends to raise gross proceeds of £60.0 million pursuant to the Firm Placing through the issue of 200,012,655 New Ordinary Shares to Firm Placees at the Issue Price.

The Company further intends to raise gross proceeds of £44.4 million pursuant to the Placing and Open Offer through the issue of 147,889,245 New Ordinary Shares to Conditional Placees (the **Open Offer Shares**) at the Issue Price. The Joint Bookrunners have placed the Open Offer Shares with the Conditional Placees at the Issue Price, subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer.

The Issue Price represents a discount of approximately 10.6% to the closing price per Ordinary Share of 33.5 pence on 18 June 2020 (being the last Business Day before the announcement of the Firm Placing and Placing and Open Offer).

Upon completion of the Capital Raise, the New Ordinary Shares will represent approximately 49.9% of the Enlarged Share Capital and the Existing Ordinary Shares will represent approximately 50.1% of the Enlarged Share Capital.

The Record Date for entitlements under the Open Offer for Qualifying Shareholders is close of business on 17 June 2020. Application Forms for Qualifying Non-CREST Shareholders are expected to be posted on 22 June 2020, and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST as soon as possible after 8.00 a.m. on 23 June 2020. The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is 11.00 a.m. on 8 July 2020 with Admission and commencement of dealing in the New Ordinary Shares on the London Stock Exchange’s Main Market for listed securities expected to take place at 8.00 a.m. on 10 July 2020, following the passing of the Resolutions at the General Meeting to be held as a closed meeting at 11.00 a.m. on 9 July 2020. Your attention is drawn to paragraph 7 (“*Procedure for Application and Payment*”) of this Part 8 which gives details of the procedure for application and payment for the Open Offer Shares.

This Prospectus and, for Qualifying Non-CREST Shareholders only, the Application Form contains the formal terms and conditions of the Open Offer. The attention of Qualifying Non-CREST Shareholders is drawn to paragraph 7.1 (“*If you have received an Application Form in respect of your Open Offer Entitlement(s)*”) of this Part 8, and the attention of Qualifying CREST Shareholders is drawn to paragraph 7.2 (“*If you have received Open Offer Entitlements credited to your stock account in CREST credited in respect of your entitlement under the Open Offer*”) of this Part 8, which give details of the procedure for application and payment of the New Ordinary Shares. The attention of Overseas Shareholders is drawn to paragraph 9 (“*Overseas Shareholders*”) of this Part 8.

The Open Offer is an opportunity for Qualifying Shareholders to apply for, in aggregate, 147,889,245 Open Offer Shares *pro rata* to their current holdings at the Issue Price of 30 pence per New Ordinary Share in accordance with the terms of the Open Offer.

The Open Offer Shares have been conditionally placed with Conditional Placees pursuant to the Placing subject to clawback to satisfy applications by Qualifying Shareholders pursuant to the Open Offer. Any Open Offer Shares not applied for under the Open Offer will therefore be taken up by Conditional Placees pursuant to the Placing and the net proceeds held for the benefit of the Company. Therefore, if the Open Offer is taken up in full by Qualifying Shareholders, Firm Placees will receive their placing participation in full and Conditional Placees would not receive any New Ordinary Shares.

The New Ordinary Shares will, when issued and fully paid, rank equally in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date on or after the date of Admission.

Any Qualifying Shareholder who has sold or transferred all or part of his or its registered holding of Existing Ordinary Shares before 22 June 2020 (being the date when Existing Ordinary Shares were marked “ex” entitlement to the Open Offer by the London Stock Exchange) is advised to consult his or its stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible.

Applications will be made to the FCA for the New Ordinary Shares to be admitted to listing on the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Main Market for listed securities. The New Ordinary Shares are in registered form and can be held in certificated form or in uncertificated form in CREST. It is expected that Admission will become effective and dealings for settlement in the New Ordinary Shares will commence at 8.00 a.m. on 10 July 2020. When admitted to trading, the New Ordinary Shares will be registered with ISIN number GB0008025412 and SEDOL number 0802541. The rights attaching to the New Ordinary Shares and the Existing Ordinary Shares will be uniform in all respects and they will form a single class for all purposes. The New Ordinary Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

The Firm Placing and the Placing and Open Offer are conditional upon each other. The Firm Placing and Placing and Open Offer are conditional upon the CD&R Investment proceeding in accordance with the terms of the CD&R Subscription Agreement.

A cash box structure will be used for the issue of the New Ordinary Shares. The Company will allot and issue the New Ordinary Shares on a non pre-emptive basis to the JerseyCo Subscriber, as nominee of CD&R, the Firm Placees, the Conditional Placees and those Qualifying Shareholders who take up their Open Offer Entitlements pursuant to the Open Offer, in consideration for the JerseyCo Subscriber transferring its respective holdings of shares in JerseyCo to the Company. Accordingly, instead of receiving cash as consideration for the issue of New Ordinary Shares, at the conclusion of the Capital Raise, the Company will own the entire issued share capital of JerseyCo whose only assets will be: (i) its cash reserves, which will represent an amount approximately equal to the net proceeds of the Capital Raise (other than the Directors’ and Senior Managers’ Subscriptions); and (ii) an intercompany balance due to it from the Company as a result of JerseyCo agreeing (pursuant to the Subscription and Transfer Agreement) to pay certain costs and expenses on behalf of the Company.

2. CD&R INVESTMENT

CD&R has agreed, subject to fulfilment of certain conditions, to subscribe for New Ordinary Shares in the aggregate amount of up to £94.0 million. Of this amount, £60.0 million has been committed by CD&R in respect of New Ordinary Shares at an issue price of £0.25 per share. Further subscriptions of up to £34.0 million will be made by CD&R at the Issue Price under the Firm Placing (for an aggregate subscription amount of £20.0 million) and the Placing and Open Offer (for an aggregate subscription amount of up to £14.0 million, subject to clawback by Qualifying Shareholders under the Open Offer as outlined below). The CD&R Investment is conditional upon the satisfaction (or waiver by CD&R) of certain conditions, including: (i) passing of the Capital Raise Resolutions; (ii) the Austrian competition authorities (*Bundeszweitswettbewerbsbehörde* and the Federal Cartel Prosecutor) not having requested an investigation of

CD&R's proposed subscription for New Ordinary Shares (a waiver to this effect was received on the date of this Prospectus); and (iii) Admission occurring by no later than 8 a.m. on 31 August 2020. Certain of these conditions have not yet been met as of the date of this Prospectus.

3. THE FIRM PLACING AND THE PLACING

The Joint Bookrunners have, pursuant to the Sponsors and Placing Agreement, placed the Firm Placed Shares with Firm Placees and, separately, conditionally placed all of the Open Offer Shares with institutional investors (the **Conditional Placees**), in each case at the Issue Price. The commitments of the Conditional Placees in respect of the Open Offer Shares are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. Subject to satisfaction of the conditions and the Firm Placing and Placing and Open Offer not being terminated in accordance with its terms, if valid applications are not received from Qualifying Shareholders for all of the Open Offer Shares by 11.00 a.m. on 8 July 2020, the number of Open Offer Shares not so applied for will be issued to the Conditional Placees. To the extent that any Conditional Placee procured by the Joint Bookrunners fails to take up any or all of the Open Offer Shares which have been allocated to it or which it has agreed to take up at the Issue Price, each of the Joint Bookrunners has agreed, on the terms and subject to the conditions set out in the Sponsors and Placing Agreement, to take up such Open Offer Shares in their agreed proportions.

A summary of the principal terms of the Sponsors and Placing Agreement is set out in paragraph 10.1 ("*Sponsors and Placing Agreement*") of Part 16 ("*Additional Information*") of this Prospectus.

4. THE OPEN OFFER

Subject to the terms and conditions set out below and, in the case of Qualifying Non-CREST Shareholders, the Application Form, the following New Ordinary Shares are offered for subscription to Qualifying Shareholders at the Issue Price (payable in full on application and free of all expenses):

1 New Ordinary Share at 30 pence for every 4 Existing Ordinary Shares

held and registered in the Qualifying Shareholder's name at the Record Date and in proportion to the number of Existing Ordinary Shares then held.

Qualifying Shareholders may apply for any number of New Ordinary Shares up to and including their maximum entitlement. Valid applications by Qualifying Shareholders will be satisfied in full up to the maximum amount of their individual Open Offer Entitlements.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

Fractions of New Ordinary Shares will not be allocated to Qualifying Shareholders and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of New Ordinary Shares.

Shareholders in the United States and in the Excluded Territories (subject to certain exceptions) and ADR Holders will not be sent this Prospectus or the Application Form and will not have their CREST stock account credited with Open Offer Entitlements. The offer of New Ordinary Shares pursuant to the Firm Placing and Placing and Open Offer is not being made in any jurisdiction in which such an offer or solicitation is unlawful or in the United States or in any Excluded Territory (subject to certain exceptions).

Applications will be made to the FCA for the New Ordinary Shares to be admitted to listing on the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Main Market for listed securities. The New Ordinary Shares are in registered form

and can be held in certificated form or in uncertificated form in CREST. It is expected that Admission will become effective and dealings for settlement in the New Ordinary Shares will commence at 8.00 a.m. on 10 July 2020. When admitted to trading, the New Ordinary Shares will be registered with ISIN number GB0008025412 and SEDOL number 0802541. The rights attaching to the New Ordinary Shares and the Existing Ordinary Shares will be uniform in all respects and they will form a single class for all purposes. The New Ordinary Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

The Firm Placing and Placing and Open Offer are conditional on, among other things: (i) the Capital Raise Resolutions being passed by the Shareholders at the General Meeting; (ii) Admission becoming effective by not later than 8.00 a.m. on 10 July 2020 (or such later time and/or date as the Company and the Joint Bookrunners may agree, not being later than 8.00 a.m. on 27 July 2020); and (iii) each of the CD&R Subscription Agreement and the Sponsors and Placing Agreement otherwise becoming unconditional in all respects and not having been terminated in accordance with their respective terms before Admission. If any condition is not satisfied or (where capable of waiver) waived, the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter. A summary of the principal terms of the Sponsors and Placing Agreement and the CD&R Subscription Agreement is set out in paragraph 10.1 ("*Sponsors and Placing Agreement*") of Part 16 ("*Additional Information*") of this Prospectus and paragraph 11 ("*CD&R Arrangements*") of Part 16 ("*Additional Information*") of this Prospectus, respectively.

The New Ordinary Shares will represent approximately 49.9% of the Enlarged Share Capital and the Existing Ordinary Shares will represent approximately 50.1% of the Enlarged Share Capital. A Qualifying Shareholder that takes up its Open Offer Entitlements in full will be diluted by 37.4% as a result of the CD&R Investment and the Firm Placing. A Shareholder that does not take up any of the Open Offer Shares under the Open Offer (or that is a Shareholder in the United States or an Excluded Territory that is not eligible to participate in the Open Offer) will experience a dilution of 49.9% as a result of the Capital Raise.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their respective Application Forms are not negotiable instruments and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be credited to CREST and be enabled for settlement, Open Offer Entitlements will not be tradeable and applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit.

Unlike in a rights issue, Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer. Any Open Offer Shares which are not applied for by Qualifying Shareholders under their Open Offer Entitlements will be subscribed for by the Conditional Placees procured pursuant to the Sponsors and Placing Agreement, with the proceeds retained for the benefit of the Company.

Upon accepting any Open Offer Entitlements, Qualifying Shareholders will be contractually committed to acquire the number of New Ordinary Shares allocated to them at the Issue Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment. Before making any decision to apply to acquire New Ordinary Shares, a Qualifying Shareholder should read and carefully consider all the information in this Prospectus.

All New Ordinary Shares will be issued at the Issue Price, which shall be payable in full. Liability for UK stamp duty and stamp duty reserve tax is described in paragraph 13 ("*UK Taxation*") of Part 16 ("*Additional Information*") of this Prospectus.

The Company will bear one-off fees and expenses of approximately £11.9 million in connection with the Capital Raise.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the rights to receive all future dividends or other distributions made, paid or declared by reference to a record date after the date of their issue.

5. STRUCTURE OF THE FIRM PLACING AND PLACING AND OPEN OFFER

The Capital Raise has been structured using a cash box structure, which is expected to have the effect of providing the Company with the ability to realise distributable reserves approximately equal to the net proceeds of the Capital Raise (other than the Directors' and Senior Managers' Subscriptions) less the nominal value of the New Ordinary Shares issued by the Company.

The Company and the JerseyCo Subscriber have agreed to subscribe for ordinary shares in JerseyCo. Monies received from investors and Shareholders taking up or purchasing New Ordinary Shares under the Capital Raise (other than the Directors' and Senior Managers' Subscriptions) or, if applicable, the Joint Bookrunners, will be paid to an account with the Receiving Agent. The JerseyCo Subscriber (acting as principal), will apply the monies in such account to subscribe for redeemable preference shares in JerseyCo.

The Company will allot and issue the New Ordinary Shares to those persons entitled to them in consideration for the JerseyCo Subscriber transferring its holdings of ordinary shares and redeemable preference shares in JerseyCo to the Company. Accordingly, instead of receiving cash consideration for the issue of New Shares, following completion of the Capital Raise, the Company will own the entire issued share capital of JerseyCo, whose only assets will be: (i) its cash reserves, which will represent an amount approximately equal to the net proceeds of the Capital Raise (other than the Directors' and Senior Managers' Subscriptions); and (ii) an intercompany balance due to it from the Company as a result of JerseyCo agreeing (pursuant to the Subscription and Transfer Agreement) to pay certain costs and expenses on behalf of the Company.. The Company should be able to access those funds by redeeming the redeemable preference shares it holds in JerseyCo, or, alternatively, during any interim period before redemption, by procuring that JerseyCo lends the amount to the Company. The ability to realise distributable reserves in the Company will facilitate any potential distribution to Shareholders made by the Company in the future. Accordingly, by taking up or purchasing New Ordinary Shares under the Capital Raise and submitting a valid payment in respect thereof, an investor or Shareholder, as the case may be, instructs the Receiving Agent to hold such payment on behalf of the JerseyCo Subscriber and: (i) to the extent of a successful application under the Placing and Open Offer (which has not been subsequently validly withdrawn) or purchase under the Firm Placing, to apply such payment on behalf of the JerseyCo Subscriber solely for the JerseyCo Subscriber to subscribe (as principal) for redeemable preference shares in JerseyCo; and (ii) to the extent of an unsuccessful or validly withdrawn application under the Placing and Open Offer, to return the relevant payment without interest to the applicant.

6. CONDITIONS AND FURTHER TERMS OF THE FIRM PLACING AND PLACING AND OPEN OFFER

The Firm Placing and Placing and Open Offer are conditional on, among other things:

- the Capital Raise Resolutions being passed by the Shareholders at the General Meeting (or, with the Joint Bookrunners' written consent, any adjournment thereof);

- Admission becoming effective by not later than 8.00 a.m. on 10 July 2020 (or such later time and/or date as the Company and the Joint Bookrunners may agree, being not later than 8.00 a.m. on 27 July 2020); and
- each of the CD&R Subscription Agreement and the Sponsors and Placing Agreement otherwise becoming unconditional in all respects and not having been terminated in accordance with their respective terms before Admission.

It is expected that all of the conditions will be satisfied by 8.00 a.m. on 10 July 2020, and that, subject to FCA approval, Admission will become effective, and dealings for settlement in the New Ordinary Shares will commence, at 8.00 a.m. on 10 July 2020.

If all of the above conditions are not satisfied or (where capable of waiver) waived, the Firm Placing and Placing and Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter and the Open Offer Entitlements admitted to CREST will be disabled.

See paragraph 10.1 (“*Sponsors And Placing Agreement*”) of Part 16 (“*Additional Information*”) of this Prospectus for a summary of the material terms of the Sponsors and Placing Agreement and paragraph 11 (“*CD&R Arrangements*”) of Part 16 (“*Additional Information*”) of this Prospectus for a summary of the material terms of the CD&R Subscription Agreement.

Further terms of the Open Offer applicable to Qualifying Non-CREST Shareholders are set out in the Application Form.

No temporary documents of title will be issued in respect of the New Ordinary Shares held in uncertificated form. Definitive certificates in respect of New Ordinary Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their New Ordinary Shares in certificated form within fourteen days of Admission. In respect of those Qualifying Shareholders who have validly elected to hold their New Ordinary Shares in uncertificated form, the New Ordinary Shares are expected to be credited to their stock accounts maintained in CREST by as soon as practicable after 8.00 a.m. on 10 July 2020. All monies received by the Receiving Agent in respect of New Ordinary Shares will be held in a non-interest-bearing account and retained by the Receiving Agent until all conditions of the Open Offer are met.

Applications will be made to the FCA for the New Ordinary Shares to be issued in connection with the Capital Raise to be admitted to listing on the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Main Market for listed securities.

If for any reason it becomes necessary to adjust the expected timetable as set out in this Prospectus, the Company will make an appropriate announcement to a Regulatory Information Service, giving details of the revised dates and/or times.

The Open Offer will proceed subject to Shareholder approval of the Capital Raise Resolutions, which will grant authority to issue the New Ordinary Shares and to disapply statutory pre-emption rights in relation to the allotment of the New Ordinary Shares, and the other conditions to the Open Offer being satisfied.

The Company reserves the right to decide not to proceed with the Firm Placing and Placing and Open Offer at any time before Admission. Any decision not to proceed will be notified by means of an announcement through a Regulatory Information Service. Following Admission, the Company will not be entitled to revoke any offers made in connection with the Firm Placing and Placing and Open Offer.

7. PROCEDURE FOR APPLICATION AND PAYMENT

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, such Qualifying Shareholder is: (i) a Qualifying Non-CREST Shareholder who has received an Application Form in respect of their entitlement under the Open Offer; or (ii) a Qualifying CREST Shareholder who has had Open Offer Entitlements credited to their CREST stock account in respect of such entitlement.

Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form will be allotted New Ordinary Shares in certificated form. Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted New Ordinary Shares in uncertificated form to the extent that their entitlement to New Ordinary Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 11 (“*Admission, Settlement and Dealings*”) of this Part 8.

Qualifying Shareholders who are CREST Sponsored Members should refer to their CREST Sponsor, as only their CREST Sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST Members who wish to apply under the Open Offer in respect of their Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to apply for, or are not eligible to apply for, the New Ordinary Shares under the Open Offer should take no action and, in the case of Qualifying Non-CREST Shareholders, should not complete or return the Application Form.

Should you require further assistance, please contact Computershare on 0370 707 1293 if calling from the UK or +44 370 707 1293 if calling from outside the UK. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Please note that, for legal reasons, the Shareholder helpline is only able to provide information contained in this Prospectus and information relating to the Company's register of members and is unable to give advice on the merits of the Open Offer, as to whether applicants should take up their Open Offer Entitlements or to provide legal, business, financial, tax or investment advice. If you are a CREST Sponsored Member you should consult your CREST Sponsor if you wish to apply for Open Offer Shares as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.

If you are in any doubt as to what action you should take, or the contents of this Prospectus, you are recommended to immediately consult your stock broker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser being, if you are a resident in the United Kingdom, a firm authorised under FSMA or, if you are in a territory outside the United Kingdom, from another appropriately authorised independent financial adviser.

7.1. *If you have received an Application Form in respect of your Open Offer Entitlement(s)*

7.1.1. *General*

Subject as provided in paragraph 9 (“*Overseas Shareholders*”) of this Part 8 in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name and held in certificated form at the Record Date. It also shows the maximum number of New Ordinary Shares for which they are entitled to apply on a *pro rata* basis under the Open Offer, as shown by the total number of Open Offer Entitlements

allocated to them (taking into account the fact that they will not be entitled to take up any New Ordinary Shares in respect of any fraction of an Open Offer Entitlement arising when their entitlement was calculated, such entitlement being rounded down to the nearest whole number), and how much they would need to pay if they wish to take up their maximum entitlement in full. Qualifying Non-CREST Shareholders may apply for less than their maximum entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

The instructions and other terms set out in the Application Form are also part of the terms and conditions of the Open Offer in relation to Qualifying Non-CREST Shareholders.

In the event that the conditions to the Open Offer are not satisfied, the Open Offer will lapse, any Application Forms submitted to the Receiving Agent will be deemed invalid and the Receiving Agent will refund the amount paid by a Qualifying Non-CREST Shareholder by way of cheque, without interest, as soon as practicable thereafter.

7.1.2. Bona Fide Market Claims

Applications to subscribe for New Ordinary Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market before the time and date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer by the London Stock Exchange, being 8:00 a.m. on 22 June 2020. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 6 July 2020. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or transferred all or part of their holding of Existing Ordinary Shares before the time and date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange, should consult their broker or other professional adviser as soon as possible, as the invitation to acquire New Ordinary Shares under the Open Offer may be a benefit which may be claimed by the purchaser or transferee.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred all of their registered holdings should, if the market claim is to be settled outside CREST, complete Box J on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee in accordance with the instructions set out in the Application Form or directly to the purchaser or transferee, if known. Qualifying Non-CREST Shareholders who have sold or otherwise transferred only a part of the Existing Ordinary Shares shown on their Application Form before the time and date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer by the London Stock Exchange, should contact the stockbroker, bank or other agent through whom the sale or transfer was effected to arrange for split Application Forms to be obtained. The Application Form should not, however, be forwarded to or transmitted in or into the United States or any Excluded Territories (subject to certain exceptions).

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 11 (“*Admission, Settlement and Dealings*”) of this Part 8.

7.1.3. Application Procedures

Qualifying Non-CREST Shareholders wishing to apply to subscribe for all or some of their Open Offer Shares in respect of all or part of their Open Offer Entitlement should complete and sign the Application Form in accordance with the instructions printed on it.

Completed Application Forms should be, together with the appropriate remittance, sent by post to Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours

only) to Computershare, The Pavilions, Bridgwater Road, Bristol, BS13 8AE (who will also act as Receiving Agent in relation to the Open Offer) so as to arrive no later than 11.00 a.m. on 8 July 2020, after which time, subject to the limited exceptions set out below, Application Forms will not be valid. A reply-paid envelope is enclosed for use by Qualifying Non-CREST Shareholders in connection with the Open Offer.

Application Forms delivered by hand will not be checked upon delivery and no receipt will be provided.

If any Application Form is sent by first class post within the United Kingdom, Qualifying Non-CREST Shareholders are recommended to allow at least four Business Days for delivery within the United Kingdom. Qualifying Non-CREST Shareholders remain responsible for ensuring that Application Forms are posted in sufficient time to be received as indicated. Qualifying Non-CREST Shareholders should act promptly and, should there be any postal delays or disruptions as a result of industrial action or otherwise, may need to make alternative arrangements for delivery if they wish to participate in the Open Offer. Qualifying Non-CREST Shareholders should note that applications, once made, will, subject to the limited withdrawal rights set out in this Prospectus, be irrevocable and receipt thereof will not be acknowledged.

The Company may, but shall not be obliged to, elect in its absolute discretion to accept Application Forms received after 11.00 a.m. on 8 July 2020. The Company may also (in its sole discretion) elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it does not strictly comply with the terms and conditions of the Open Offer. The Company also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received before 11.00 a.m. on 8 July 2020 from an authorised person (as defined in FSMA) specifying the number of New Ordinary Shares concerned, and undertaking to lodge the relevant Application Form in due course, but in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

The Company reserves the right to treat as invalid any application or purported application for New Ordinary Shares pursuant to the Open Offer that appears to the Company to have been executed in, despatched from or that provides an address for delivery of definitive share certificates for New Ordinary Shares in any Excluded Territory.

7.1.4. Payments

All payments must be in Pounds Sterling by cheque or banker's draft made payable to "CIS PLC re SIG plc Open Offer Acceptance" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which is in the United Kingdom, the Channel Islands or the Isle of Man and which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner and must be for the full amount payable on application. Post-dated cheques will not be accepted.

Cheques drawn on a non-UK, Channel Islands or Isle of Man bank will be rejected. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and the number of an account held in the applicant's name on the back of the cheque or banker's draft and the building society cheque or banker's draft has been stamped with the building society or bank branch's stamp. The account name should be the same as that shown on the application. Cheques or banker's drafts will be presented for payment upon receipt. Payments via CHAPS, BACS or electronic transfer will not be accepted. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. It is a term of the Open Offer that cheques shall

be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender.

If New Ordinary Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such Qualifying Non-CREST Shareholder's New Ordinary Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Receiving Agent, the Joint Bookrunners or the Company, nor any other person, shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholder as a result.

If an Application Form is accompanied by a payment for an incorrect sum, the Company reserves the right:

- to reject the application in full and return the cheque or banker's draft or refund the payment to the Qualifying Non-CREST Shareholder in question (without payment of interest and at the applicant's risk); or
- in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of New Ordinary Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the Qualifying Non-CREST Shareholder in question (without payment of interest and at the applicant's risk); or
- in the case that an excess sum is paid, to treat the application as a valid application for all of the New Ordinary Shares referred to in the Application Form, refunding any unutilised sums to the Qualifying Non-CREST Shareholder in question (without payment of interest and at the applicant's risk).

7.1.5. *Effect of Application*

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form, the applicant(s):

- represents and warrants to the Company and the Joint Bookrunners that he/she or it has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his or its rights, and perform his or its obligations under any contracts resulting therefrom and that he/she or it is not otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares or acting on behalf of any such person on a non-discretionary basis;
- agrees with the Company and the Joint Bookrunners that all applications under the Open Offer, and any contracts or non-contractual obligations resulting therefrom, shall be governed by, and construed in accordance with, the laws of England and Wales;
- represents and warrants to the Company and the Joint Bookrunners that he/she or it is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he/she or it has received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- represents and warrants to the Company and the Joint Bookrunners that if he/she or it has received some or all of his or its Open Offer Entitlements from a person other than the Company, he/she or it is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;

- confirms to the Company and the Joint Bookrunners that he/she or it acknowledges and agrees that no person has been authorised to give any information or to make any representation concerning the Company, the Group or the New Ordinary Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company and the Joint Bookrunners;
- requests that the New Ordinary Shares to which he/she or it will become entitled be issued to him or it on the terms set out in this Prospectus and the Application Form, subject to the Articles;
- unless otherwise agreed by the Company in its sole discretion (after consultation with the Joint Bookrunners), represents and warrants to the Company, the Joint Bookrunners and the Receiving Agent that he/she or it is not, nor is he/she or it applying on behalf of, any person in the United States or who is an ADR Holder or who is a citizen or resident or a corporation, partnership or other entity created or organised in or under any laws of, or otherwise located in, any Excluded Territory or any jurisdiction in which the application for the New Ordinary Shares is prevented by law and he/she or it is not applying with a view to reoffering, reselling, transferring or delivering any of the New Ordinary Shares which are the subject of the application to, or for the benefit of, any person in the United States, or who is an ADR Holder or who is a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of, or otherwise located in, any Excluded Territory or any jurisdiction in which the application for the New Ordinary Shares is prevented by law, nor acting on behalf of any such person;
- represents and warrants to the Company and the Joint Bookrunners that he/she or it is not, and nor is he/she or it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67 (depository receipts), section 70 (clearance services), section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- confirms to the Company and the Joint Bookrunners that in making such application he/she or it is not relying on any information or representation in relation to the Company other than that contained in (or incorporated by reference in) this Prospectus and agrees that no person responsible solely or jointly for this Prospectus (including any information incorporated by reference in this Prospectus) or any part thereof, or involved in the preparation thereof, shall have any liability for any such other information or representation not so contained and further agrees that, having had the opportunity to read this Prospectus, including any information incorporated by reference, he/she or it will be deemed to have had notice of all the information contained in this Prospectus (including information incorporated by reference in this Prospectus);
- confirms to each of the Company and the Joint Bookrunners that in making the application he/she or it is not relying and has not relied on the Joint Bookrunners or any person affiliated with the Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this Prospectus or his or its investment decision; and
- acknowledges that his or its application for New Ordinary Shares is legally binding and irrevocable and cannot be withdrawn, amended or qualified without the consent of the Company in its sole and absolute discretion (after consultation with the Joint Bookrunners) other than in circumstances in which the withdrawal rights summarised in paragraph 7.3 (“*Withdrawal Rights*”) of this Part 8 apply.

Qualifying Non-CREST Shareholders who do not wish to take up or apply for any of the New Ordinary Shares to which they are entitled under the Open Offer should take no action and should not complete and return the Application Form.

If you are in doubt as to whether or not you should apply for any of the New Ordinary Shares under the Open Offer, you should consult your independent financial adviser immediately.

7.2. *If you have received Open Offer Entitlements credited to your stock account in CREST credited in respect of your entitlement under the Open Offer*

7.2.1. *General*

Subject to paragraph 9 (“*Overseas Shareholders*”) of this Part 8 in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to their stock account in CREST of their Open Offer Entitlements equal to the maximum number of New Ordinary Shares for which he/she or it is entitled to apply to subscribe under the Open Offer. Any fractional entitlements to New Ordinary Shares will be rounded down to the nearest whole number in calculating entitlements to Open Offer Shares.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be admitted to CREST, or the stock accounts of Qualifying CREST Shareholders cannot be credited, by 3.00 p.m. on 23 June 2020 (or such later time and/or date as the Company and the Joint Bookrunners may decide), an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements which should have been credited to their stock account in CREST. In these circumstances the expected timetable as set out in this Prospectus will be adjusted as appropriate with the amendments announced via a Regulatory Information Service and the provisions of this Prospectus applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.

Qualifying CREST Shareholders who are CREST Members and who wish to apply to acquire some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST Sponsored Member you should consult your CREST Sponsor if you wish to apply for New Ordinary Shares as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.

7.2.2. *Bona Fide Market Claims*

Each of the Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled to or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by Euroclear's Claims Processing Unit as “cum” the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly.

7.2.3. *Unmatched Stock Event (USE) Instructions*

Qualifying CREST Shareholders who are CREST Members and who wish to apply for New Ordinary Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST Sponsored Members, procure that their CREST Sponsor sends) an Unmatched Stock Event (USE) instruction to Euroclear which, on its settlement, will have the following effect:

- the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of New Ordinary Shares applied for; and
- the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction

which must be the full amount payable on application for the number of New Ordinary Shares referred to in the first bullet list item above.

7.2.4. *Content of USE instructions in respect of Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- the number of New Ordinary Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- the ISIN of the Open Offer Entitlement. This is GB00BMYC5997;
- the CREST member account ID of the accepting CREST Member from which the Open Offer Entitlements are to be debited;
- the CREST participant ID of the accepting CREST Member;
- the CREST participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 3RA21;
- the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is GALILEE;
- the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in the first bullet list item above;
- the intended settlement date. This must be on or before 11.00 a.m. on 8 July 2020; and
- the corporate action number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 8 July 2020.

In order to assist prompt settlement of the USE instruction, CREST Members (or CREST Sponsors, where applicable) should add the following non-mandatory fields to the USE instruction:

- a contact name and telephone number (in the free format shared note field); and
- a priority of at least 80.

CREST Members and, in the case of CREST Sponsored Members, their CREST Sponsors should note that the last time at which a USE instruction may settle on 8 July 2020 in order to be valid is 11.00 a.m. on that day.

In the event that the Firm Placing and Placing and Open Offer do not become unconditional by 8.00 a.m. on 10 July 2020 (or such later time and/or date as the Company and the Joint Bookrunners may determine, being not later than 8.00 a.m. on 27 July 2020), the Open Offer will lapse and no New Ordinary Shares will be issued. The Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment as soon as practicable thereafter, without any payment of interest.

7.2.5. *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in their Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such person is also a CREST Member. Similarly, Open Offer Entitlements may be withdrawn from CREST so that the entitlement under the Open Offer can be applied for through an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST (in accordance with the instructions contained in the Application Form) is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement before 11.00 a.m. on 8 July 2020. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Open Offer Entitlement which will be managed by the Receiving Agent.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 2 July 2020, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 2 July 2020, in either case so as to enable the person subscribing for or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements before 11.00 a.m. on 8 July 2020.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Joint Bookrunners by the relevant CREST Member(s) that it/they is/are not in breach of the provisions of the notes under the section headed "CREST Deposit Form" on page 4 of the Application Form, and a declaration to the Company and the Joint Bookrunners from the relevant CREST Member(s) that it/they is/are not citizen(s) or resident(s) of, or located in, the United States or any Excluded Territory or any jurisdiction in which the application for New Ordinary Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST Member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

7.2.6. *Validity of Application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 8 July 2020 will constitute a valid application under the Open Offer.

7.2.7. *CREST Procedures and Timings*

Qualifying CREST Shareholders who are CREST Members and (where applicable) their CREST Sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST Sponsored Member, to procure that their CREST Sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 8 July 2020. CREST Members and (where applicable) their CREST Sponsors are

referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

7.2.8. Incorrect or Incomplete Applications

If a USE instruction includes a CREST payment for an incorrect sum, the Company (through the Receiving Agent) reserves the right:

- to reject the application in full and refund the payment to the CREST Member in question (without payment of interest and at the CREST Member's risk);
- in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of New Ordinary Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST Member in question (without payment of interest and at the CREST Member's risk); or
- in the case that an excess sum is paid, to treat the application as a valid application for all the New Ordinary Shares referred to in the USE instruction, refunding any unutilised sum to the CREST Member in question (without payment of interest and at the CREST Member's risk).

7.2.9. Effect of Valid Application

A Qualifying CREST Shareholder who is a CREST Member (or, where applicable, a CREST Sponsored Member) who makes or is treated as making a valid application in accordance with the above procedures thereby will be deemed to have:

- represented and warranted to the Company and the Joint Bookrunners that he/she or it has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his or its rights, and perform his or its obligations, under any contracts resulting therefrom and that he/she or it is not a person otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares or acting on behalf of any such person on a non-discretionary basis;
- agreed with the Company to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST Member to pay to the Company the amount payable on application);
- requested that the New Ordinary Shares to which he/she or it will become entitled be issued to him or it on the terms set out in this Prospectus and subject to the Articles;
- agreed with the Company and the Joint Bookrunners that all applications and any contracts or non-contractual obligations resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England and Wales;
- unless otherwise agreed by the Company in its sole discretion (after consultation with the Joint Bookrunners), represented and warranted to the Company and the Joint Bookrunners that he/she or it is not, nor is he/she or it applying on behalf of, any person in the United States or who is an ADR Holder or who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of, or otherwise located in, any Excluded Territory and he/she or it is not applying with a view to reoffering, reselling, transferring or delivering any of the New Ordinary Shares which are the subject of this application to, or for the benefit of, any person in the United States, or who is an ADR Holder or who is a citizen or resident or which is a corporation,

partnership or other entity created or organised in or under any laws of any Excluded Territory nor acting on behalf of any such person;

- represented and warranted to the Company and the Joint Bookrunners that he/she or it is not, and nor is he/she or it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67 (depository receipts), section 70 (clearance services), section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- confirmed to the Company and the Joint Bookrunners that in making such application he/she or it is not relying on any information or representation in relation to the Company other than that contained in (or incorporated by reference in) this Prospectus and agrees that no person responsible solely or jointly for this Prospectus (including any information incorporated by reference in this Prospectus) or any part thereof, or involved in the preparation thereof, shall have any liability for any such other information and further agrees that, having had the opportunity to read this Prospectus, he/she or it will be deemed to have had notice of all the information contained in this Prospectus (including information incorporated by reference in this Prospectus);
- represented and warranted to the Company and the Joint Bookrunners that he/she or it is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he/she or it has received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- represented and warranted to the Company and the Joint Bookrunners that if he/she or it has received some or all of his or its Open Offer Entitlements from a person other than the Company, he/she or it is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- confirmed to the Company and the Joint Bookrunners that he/she or it acknowledges and agrees that no person has been authorised to give any information or to make any representation concerning the Company or the New Ordinary Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Joint Bookrunners;
- confirmed to each of the Company and the Joint Bookrunners that in making the application he/she or it is not relying and has not relied on the Joint Bookrunners or any person affiliated with the Joint Bookrunners in connection with any investigation on the accuracy of any information contained in this Prospectus or his, her or its investment decision; and
- acknowledged that his or its application for New Ordinary Shares is legally binding and irrevocable and cannot be withdrawn, amended or qualified without the consent of the Company in its sole and absolute discretion (after consultation with the Joint Bookrunners) other than in circumstances in which the withdrawal rights summarised in paragraph 7.3 (“*Withdrawal Rights*”) of this Part 8 apply.

7.2.10. *The Company's Discretion as to Rejection and Validity of Applications*

The Company may in its sole discretion (acting in consultation with the Joint Bookrunners), but shall not be obliged to:

- reject any acceptance constituted by a USE instruction, which is otherwise valid, in the event of a breach of any of the representations, warranties and undertakings set out or referred to in paragraph 7.2.9 (“*Effect of Valid Application*”) of this Part 8. Where an acceptance is made as described in this paragraph 7 which is otherwise valid, and the USE instruction concerned fails to settle by 11 a.m. on 8 July 2020 (or by such later time and/or dates as the Company and the Joint Bookrunners may agree), the Company shall be entitled to assume, for the purposes of their right to reject an

acceptance as described in this paragraph 7.2.10, that there has been a breach of the representations, warranties and undertakings set out or referred to in this paragraph 7 unless the Company is aware of any reason outside the control of the Qualifying CREST Shareholder or CREST sponsor (as appropriate) concerned for the failure of the USE instruction to settle;

- treat as valid (and binding on the Qualifying CREST Shareholder concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 8;
- accept an alternative properly authenticated dematerialised instruction from a Qualifying CREST Shareholder or (where applicable) a CREST Sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- treat a properly authenticated dematerialised instruction (in this sub-paragraph, the “first instruction”) as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- accept an alternative instruction or notification from a CREST Member or CREST Sponsored Member or (where applicable) a CREST Sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any Qualifying CREST Shareholder or (where applicable) CREST Sponsor, the Qualifying CREST Shareholder or CREST Sponsor is unable validly to apply for New Ordinary Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

Qualifying CREST Shareholders who do not wish to take up or apply for any of the New Ordinary Shares to which they are entitled under the Open Offer should take no action and should not send a USE instruction to Euroclear in respect of their Open Offer Entitlements.

If you are in doubt as to whether or not you should apply for any of the New Ordinary Shares under the Open Offer, you should consult your independent financial adviser immediately.

7.3. *Withdrawal Rights*

Qualifying Shareholders wishing to exercise or direct the exercise of statutory withdrawal rights pursuant to Article 23(2) of the Prospectus Regulation after publication by the Company of a prospectus supplementing this Prospectus (if any) must do so by lodging a written notice of withdrawal (which shall include a notice sent by email to withdrawal@computershare.co.uk) within two Business Days commencing on the Business Day after the date on which the supplementary prospectus is published, which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a Qualifying CREST Shareholder, the participant ID and the member account ID of such Qualifying CREST Shareholder. The notice must be sent to the Receiving Agent, Computershare by mail or by hand (during normal business hours only) so as to be received before the end of the withdrawal period specified above. Notice of withdrawal given by any other means or which is deposited with or received by the Receiving Agent after expiry of such period will not constitute a valid withdrawal. The Company will not permit the exercise of withdrawal rights after payment by the relevant person for the New Ordinary Shares applied for in full and

the allotment of such New Ordinary Shares to such persons becomes unconditional save to the extent required by statute. In such event Shareholders are advised to seek independent legal advice.

8. ANTI-MONEY LAUNDERING REGULATIONS

8.1. *Holders of Application Forms*

It is a term of the Open Offer that to ensure compliance with the Money Laundering Regulations, the Receiving Agent may, at its absolute discretion, require verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment including, without limitation, any applicant who: (i) tenders payment by way of cheque or banker's draft drawn on an account in the name of a person or persons other than the applicant; or (ii) appears to the Receiving Agent to be acting on behalf of some other person (which requirements are referred to below as the "verification of identity requirements").

If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Application Form.

The applicant(s) who, by lodging an Application Form with payment, and in accordance with the other terms as described above, accept(s) the Open Offer in respect of the New Ordinary Shares (the "relevant shares") comprised in such Application Form shall thereby be deemed to agree to provide the Receiving Agent and/or the Company with such information and other evidence as they or either of them may require to satisfy the verification of identity requirements and to make a search using a credit reference agency for the purposes of confirming such identity; where deemed necessary a record of the search will be retained. Return of the Application Form with the appropriate remittance will constitute a warranty from the applicant that the Money Laundering Regulations will not be breached by acceptance of such remittance.

If the Receiving Agent, having (where time allows) consulted with the Company and having taken into account its comments and requests, determines that the verification of identity requirements apply to any applicant or application, and the verification of identity requirements have not been satisfied (which the Receiving Agent shall in its absolute discretion determine), the Company may, in its absolute discretion, and without prejudice to any other rights of the Company, treat the application as invalid or may confirm the allotment of the relevant shares to the applicant but (notwithstanding any other term of the Open Offer) the relevant shares will not be issued to the applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application (which the Receiving Agent shall in its absolute discretion determine).

If the application is not treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than seven days after a request for evidence of identity is dispatched to the applicant, the Company will be entitled to make arrangements (in its absolute discretion as to manner, timing and terms) to sell the relevant shares (and for that purpose the Company will be expressly authorised to act as agent of the applicant). Any proceeds of sale (net of expenses) of the relevant shares, which shall be issued to and registered in the name of the purchaser(s), or an amount equivalent to the original payment, whichever is the lower, will be held by the Company on trust for the applicant, subject to the requirements of the Money Laundering Regulations. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements applies to any applicant or application and whether such requirements have been satisfied. Neither the Company nor the Receiving Agent will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of any such discretion or as a result of any sale of relevant shares.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Receiving Agent and the Joint Bookrunners from the applicant that the Money Laundering Regulations will not be breached by application of such remittance and an undertaking

by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purpose of the Money Laundering Regulations. If the verification of identity requirements applies, failure to provide the necessary evidence of identity within a reasonable time may result in your application being treated as invalid or in delays in the despatch of share certificates or in crediting CREST stock accounts.

The verification of identity requirements will not usually apply:

- (a) if the applicant is an organisation required to comply with the Money Laundering Directive (no. 2015/849/EC of the European Parliament and of the EC Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, as amended); or
- (b) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (c) if the applicant (not being an applicant who delivers his or its application in person) makes payment by way of a cheque drawn on an account in the name of such applicant; or
- (d) if the aggregate subscription price for the relevant shares is less than €15,000 (approximately £13,000).

In other cases the verification of identity requirements may apply. The following guidance is provided in order to assist in satisfying the verification of identity requirements and to reduce the likelihood of difficulties or delays and potential rejection of an application (but does not limit the right of the Receiving Agent to require verification of identity as stated above). Satisfaction of the verification of identity requirements may be facilitated in the following ways:

- if payment is made by building society cheque (not being a cheque drawn on an account of the applicant) or banker's draft, by the building society or bank endorsing on the back of the cheque or draft the name of the account holder and the number of an account held in the applicant's name at such building society or bank, such endorsement being validated with the stamp of that building society or bank branch's stamp; or
- if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in paragraph (a) above or which is subject to anti-money laundering regulation in a country which is a member of the "Financial Action Task Force" (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, India, Japan, Mexico, New Zealand, Norway, Republic of Korea, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the United States and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation that it has that status with the Application Form and written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to the Receiving Agent or the relevant authority. In order to confirm the acceptability of any written assurance referred to above or in any other case, the applicant should contact the Receiving Agent at the address set out on page 1 of the Application Form.

To confirm the acceptability of any written assurance referred to in the second bullet list item above, or in any other case, the acceptor should contact the Receiving Agent.

If an Application Form is in respect of relevant shares with an aggregate subscription price of €15,000 (or its equivalent, being approximately £13,000) or more and is lodged by hand by the applicant in person,

he/she or it should ensure that he/she or it have with them evidence of identity bearing their photograph (for example, his or its passport) and separate evidence of their address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 8 July 2020, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without payment of interest and at the applicant's risk to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as set out above).

8.2. *Open Offer Entitlements in CREST*

If you hold your Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of some or all of your Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE instruction or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

9. OVERSEAS SHAREHOLDERS

This Prospectus has been approved by the FCA, being the competent authority in the United Kingdom. Accordingly, the making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in, countries other than the United Kingdom may be affected by the law or regulatory requirements of the relevant jurisdiction. The comments set out in this paragraph 9 of this Part 8 are intended as a general guide only and any Overseas Shareholder who is in doubt as to his/her position should consult his/her professional adviser without delay.

9.1. *General*

Under no circumstances does this Prospectus generally constitute a public offer to sell or issue or the solicitation of an offer to buy or subscribe for Open Offer Entitlements or New Ordinary Shares (whether pursuant to the Open Offer or otherwise) in the United States or any Excluded Territory.

The distribution of this Prospectus and the Application Form and the making of the Open Offer (including the crediting of Open Offer Entitlements to a stock account in CREST) to persons who have registered addresses in, or who are located in, or who are resident or ordinarily resident in, a jurisdiction other than the United Kingdom, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom, or to persons who are agents or nominees of or are custodians, trustees or guardians for persons located or resident in countries other than the United Kingdom, may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they

require any governmental or other consents or need to observe any applicable legal requirements or other formalities to enable them to apply for New Ordinary Shares under the Open Offer. In particular, subject to certain very limited exceptions, this Prospectus or any other documents issued by the Company in connection with the Capital Raise should not be distributed, forwarded or transmitted into the United States or any Excluded Territory.

This paragraph 9 of this Part 8 sets out the restrictions applicable to Qualifying Shareholders who have registered addresses outside the United Kingdom, who are located in or are citizens or residents of countries other than the United Kingdom, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this Prospectus to a jurisdiction outside the United Kingdom or who hold Ordinary Shares for the account or benefit of any such person.

No action has been or will be taken by the Company, the Joint Bookrunners, or any other person to permit a public offering or distribution of this Prospectus (or any offering or publicity materials or application form(s) relating to the New Ordinary Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom. None of the New Ordinary Shares may be offered for subscription, sale or purchase or be delivered, or be subscribed, sold or delivered, and this Prospectus, the Application Form and any other offering material in relation to the New Ordinary Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration. In such circumstances, receipt of this Prospectus and/or the Application Form must be treated as sent for information purposes only and should not be copied or redistributed.

Application Forms will not be sent to, and Open Offer Entitlements will not be credited to stock accounts in CREST of, ADR Holders or persons with registered addresses in or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of, the United States or any Excluded Territory or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal or regulatory requirement in any jurisdiction. The New Ordinary Shares have not been and will not be registered under the relevant laws of the United States or any Excluded Territory or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into the United States or an Excluded Territory or to, or for the account or benefit of, any Excluded Territory Shareholder except pursuant to an applicable exemption, or pursuant to certain exceptions.

Any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for New Ordinary Shares under the Open Offer must satisfy himself as to the full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 9 of this Part 8 are intended as a general guide only and any Shareholder who is in any doubt as to his/her position should consult his/her professional advisers without delay.

None of the Company, the Joint Bookrunners, or any of their respective representatives is making any representation to any offeree or purchaser of the New Ordinary Shares regarding the legality of an investment in the New Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Receipt of this Prospectus and/or the Application Form and/or the credit of Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this Prospectus and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

No person (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this Prospectus and/or the Application Form and/or the crediting of Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or it, nor should he/she or it in any event use the Application Form or deal with Open Offer Entitlements in CREST unless, in the relevant jurisdiction (other than any Excluded Territory), such invitation or offer could lawfully be made to him or it and the Application Form and/or Open Offer Entitlements in CREST could lawfully be used or dealt with without contravention of any unfulfilled registration or other legal or regulatory requirements.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this Prospectus and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local registration requirements, securities laws or regulations. If a copy of this Prospectus and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or its custodian, agent, nominee or trustee, he/she or it must not seek to apply for New Ordinary Shares in respect of the Open Offer unless the Company and the Joint Bookrunners (for themselves) determine that such action would not violate applicable legal, registration or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who forwards a copy of this Prospectus and/or an Application Form and/or transfers Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part 8 and specifically the contents of this paragraph.

The Company reserves the right to treat as invalid any application or purported application for New Ordinary Shares which appears to the Company or its agents to have been executed, effected or dispatched from the United States, from any Excluded Territory, or from an ADR Holder, or in a manner which may involve a breach of the laws or regulations of any jurisdiction or if, in the case of an Application Form, it provides for an address for delivery of the share certificates of New Ordinary Shares or, in the case of a credit of Open Offer Entitlements to a stock account in CREST, a CREST Member or CREST Sponsored Member whose registered address is in the United States or any of the Excluded Territories or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

Notwithstanding any other provision of this Prospectus or the Application Form, the Company reserves the right to permit any person to apply for New Ordinary Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and who are permitted, to apply for New Ordinary Shares should note that payment must be made in sterling denominated cheques or banker's drafts or, where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

9.2. *Excluded Territories*

Due to restrictions under the securities laws of the Excluded Territories, subject to certain exceptions as agreed with the Company, Shareholders who have registered addresses in, or who are resident or located in (as applicable), an Excluded Territory will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Excluded Territories or any state, province or territory thereof and, subject to certain exceptions, may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Excluded Territories or to, or for the account or benefit of, any person with a registered address in, or who is resident or located in (as applicable), an Excluded Territory, except pursuant to an applicable exemption.

Subject to certain exceptions as agreed with the Company, no offer of Open Offer Shares is being made by virtue of this Prospectus or the Application Forms being distributed or the crediting of Open Offer Entitlements to CREST accounts of shareholders who have registered addresses in, or who are resident or located in (as applicable), any Excluded Territories.

9.3. Australia

This Prospectus and the offer is only made available in Australia to persons to whom a disclosure document is not required to be given under Chapter 6D of the Australian Corporations Act 2001 (Cth) (**Australian Corporations Act**). This Prospectus is not a prospectus, product disclosure statement or any other form of formal “disclosure document” for the purposes of the Australian Corporations Act, and is not required to, and does not, contain all the information which would be required in a disclosure document under the Australian Corporations Act. If you are in Australia, this Prospectus is made available to you provided you are a person to whom an offer of New Ordinary Shares can be made without a disclosure document such as a professional investor or sophisticated investor for the purposes of Chapter 6D of the Australian Corporations Act.

This Prospectus has not been and will not be lodged or registered with the Australian Securities and Investments Commission or ASX or any other regulatory body or agency in Australia.

The persons referred to in this Prospectus may not hold Australian financial services licences and may not be licensed to provide financial product advice in relation to the New Ordinary Shares. No “cooling-off” regime will apply to an acquisition of any interest in the Company.

This Prospectus does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to this Prospectus, you should assess whether the acquisition of any interest in the Company is appropriate in light of your own financial circumstances or seek professional advice.

Any New Ordinary Shares issued upon acceptance of the Open Offer may not be offered for sale or transferred to any person located in, or a resident of, Australia for a period of at least 12 months after the issue, except in circumstances where the person is a person to whom a disclosure document is not required to be given under Chapter 6D or of the Australian Corporations Act. Accordingly, each investor acknowledges these restrictions and, by applying for the New Ordinary Shares under this Prospectus, gives an undertaking not to sell these New Ordinary Shares (except in the circumstances referred to above) for 12 months after their issue.

9.4. Canada

Any Qualifying Shareholder located or resident in Canada (each, a **Canadian Qualifying Shareholder**) who wishes to participate in the Open Offer must first complete documentation prescribed by the Company for the purpose of establishing the eligibility of Canadian Qualifying Shareholders to participate in the Open Offer. Further, any prospective investor located or resident in Canada seeking to participate in the proposed Firm Placing and Placing and Open Offer should do so only pursuant to the Canadian Offering Memorandum prepared by the Company for use in Canada and must satisfy the eligibility requirements described therein.

9.5. Dubai International Financial Centre (DIFC)

This Prospectus relates to an Exempt Offer in accordance with the Markets Rules of the Dubai Financial Services Authority (the **DFSA**) (the **Markets Rules**). This Prospectus is intended for distribution only to persons of a type specified in the Markets Rules. It must not be delivered to, or relied on by, any other person. The DFSA does not accept any responsibility for the content of the information included in this Prospectus, including the accuracy or completeness of such information. The liability for the content of this Prospectus lies with the Company. The DFSA has also not assessed the suitability of the New Ordinary

Shares to which this Prospectus relates to any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the New Ordinary Shares to which this Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

9.6. *European Economic Area (other than the United Kingdom)*

In relation to each Relevant Member State (other than the United Kingdom), an offer to the public of the New Ordinary Shares may not be made in that Relevant Member State pursuant to the Firm Placing and Placing and Open Offer before the publication of a prospectus in relation to the New Ordinary Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the first Relevant Member State, all in accordance with the Prospectus Regulation, except that an offer to the public in that Relevant Member State of such New Ordinary Shares may be made under the following exemptions under the Prospectus Regulations:

- (a) to any legal entity which is a “qualified investor” as defined in the Prospectus Regulation; or
- (b) to fewer than 150 natural or legal persons (other than “qualified investors” as defined in the Prospectus Regulation); or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the New Ordinary Shares shall result in a requirement for the Company or the Joint Bookrunners to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any New Ordinary Shares, or to whom any offer is made, will be deemed to have represented, warranted and agreed to and with the Company and the Joint Bookrunners that it is a qualified investor within the meaning of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer to the public**” in relation to any New Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Open Offer and any New Ordinary Shares to be offered so as to enable a prospective investor to decide to purchase any New Ordinary Shares, as the same may be varied for that Relevant Member State by any measure implementing the Prospectus Regulation in that Relevant Member State.

In the case of any New Ordinary Shares being offered to a financial intermediary as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, warranted and agreed that it is a “qualified investor” within the meaning of the Prospectus Regulation and: (a) the New Ordinary Shares acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, or in circumstances in which the prior consent of the Joint Bookrunners has been obtained to each such proposed offer or resale; or (b) where New Ordinary Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those New Ordinary Shares to it is not treated under the Prospectus Regulation as having been made to such persons. The Company, the Joint Bookrunners and each of their respective affiliates and others will rely upon the truth and accuracy of the foregoing representation, warranty and agreement.

9.7. *Singapore*

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the New Ordinary Shares may not be offered or sold or made the subject of an invitation for subscription or purchase, nor may this document and any other document and any other document or material

in connection with the offer or sale, or invitation for subscription or purchase, of the New Ordinary Shares be circulated or distributed, whether directly or indirectly, nor may the New Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) existing shareholders of record of the Ordinary Shares pursuant to Section 273(1)(cd) of the Securities and Futures Act (Cap. 289) of Singapore, as modified or amended from time to time (“SFA”) or (ii) pursuant to, and in accordance with, the conditions of an exemption under any provision of Subdivision (4) of Division 1 of Part XIII of the SFA.

Notification under Section 309B(1)(c) of the SFA – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the CMP Regulations 2018), the Company has determined the classification of the New Ordinary Shares as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

9.8. *Switzerland*

The New Ordinary Shares have not been and will not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“FinSA”) except:

- a) if the public offer is addressed solely at investors that qualify as professional clients within the meaning of the FinSA; or
- b) if the public offer is addressed to fewer than 500 investors pursuant to article 36(1)(b) of the FinSA; or
- c) in any other circumstances falling within article 36(1) of the FinSA.

The New Ordinary Shares have neither been and will neither be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Code of Obligations (“CO”).

The New Ordinary Shares have not been and will not be admitted to any trading venue (exchange or multilateral trading facility) in Switzerland, in particular not the SIX Swiss Exchange Ltd. (“SIX”).

Neither this document nor any other offering or marketing material relating to the New Ordinary Shares constitutes a prospectus within the meaning of the FinSA or the CO or the Listing Rules of the SIX, and no such prospectus has been prepared for or in connection with the offering of the New Ordinary Shares. Neither this document nor any other offering or marketing material relating to the New Ordinary Shares has been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of the New Ordinary Shares will not be supervised by, a review body licensed by the Swiss Financial Market Supervisory Authority.

9.9. *United Arab Emirates (the UAE)*

The New Ordinary Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this Prospectus does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This Prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

9.10. *United States*

The New Ordinary Shares and the Open Offer Entitlements and the Existing Ordinary Shares have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

The New Ordinary Shares made available under the Open Offer are being offered and sold (1) outside the United States in “offshore transactions” within the meaning of, and in accordance with, Regulation S; and (2) in the United States only to persons reasonably believed to be QIBs who are subscribing for New Ordinary Shares in private placement transactions pursuant to Section 4(a)(2) of the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act (but not, for the avoidance of doubt, to ADR Holders).

Accordingly, the Company is not extending the offer under the Open Offer into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain very limited exceptions, and as agreed with the Company, none of this Prospectus, the Application Form nor the crediting of Open Offer Entitlements to a stock account in CREST constitutes, or will constitute, or forms any offer or an invitation to apply for or an offer or an invitation to acquire or subscribe for any New Ordinary Shares in the United States. Subject to certain very limited exceptions as agreed with the Company neither this Prospectus nor the Application Form will be sent to, and neither Open Offer Entitlements nor New Ordinary Shares will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the United States. Subject to certain very limited exceptions as agreed with the Company, Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring New Ordinary Shares and wishing to hold such New Ordinary Shares in registered form must provide an address for registration of the New Ordinary Shares issued upon exercise thereof outside the United States.

The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in or dispatched from the United States, or that provides an address in the United States for the receipt of New Ordinary Shares, or which does not make the warranties set out in the Application Form or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements. In addition, except as set out below, any person exercising Open Offer Entitlements will be deemed to make the representations and warranties set out in this Part 8, as appropriate. Accordingly, except as set out below, the Company reserves the right to treat as invalid: (i) any Application Form which does not make the representations and warranties set out in this Part 8; and (ii) any USE instruction which does not make the representations and warranties set out in this Part 8. In addition, the Company reserves the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in the United States or which appears to the Company to have been despatched from the United States or any Excluded Territory, in a manner which may involve a breach of the laws of any jurisdiction or it or its agents believe may violate any applicable legal or regulatory requirement, or which does not make the representations and warranties set out in this Part 8.

Notwithstanding the foregoing, the New Ordinary Shares may be made available under the Open Offer to a limited number of Qualifying Shareholders in the United States who are, or who are acting for the account of, persons reasonably believed to be QIBs (but not, for the avoidance of doubt, any ADR Holders), in the absolute discretion of or as otherwise agreed by the Company, in consultation with the Joint Bookrunners and in a manner designed not to require registration of the New Ordinary Shares under the Securities Act provided such persons satisfy the Company that they are eligible to participate on such basis. To establish eligibility, such persons must deliver a signed investor letter (in the form provided by the Company) to the Company, the Receiving Agent and, if relevant, any nominee, custodian or other person holding on behalf

of such persons. Such form can be obtained from Computershare, Corporate Actions Projects, Bristol, BS99 6AH.

Such investor letter will include, among other things, the following representations, warranties and agreements:

- (a) a representation that the signatory is a QIB within the meaning of Rule 144A and any account for which the signatory is acquiring the New Ordinary Shares is a QIB, and the signatory is acquiring New Ordinary Shares in a transaction exempt from, or not subject to, the registration requirements of the Securities Act;
- (b) a representation that the signatory is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares;
- (c) an agreement not to offer, sell, pledge or otherwise transfer the New Ordinary Shares except:
 - (i) in the United States to a person that it and any person acting on its behalf reasonably believes is purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (it being understood that all offers or solicitations in connection with such a transfer are limited to QIBs and do not involve any means of general solicitation or general advertising);;
 - (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S;
 - (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available);
 - (iv) pursuant to an effective registration statement under the Securities Act;
 - (v) pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; or;
 - (vi) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States; and
- (d) an agreement that the New Ordinary Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and may not be deposited into any unrestricted depositary receipt facility established or maintained by a depositary bank, for so long as the New Ordinary Shares (whether in physical certificated form or in uncertificated form held in CREST) are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act.

The Company, the Joint Bookrunners and their affiliates will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements.

In addition, until 40 days after the commencement of the Firm Placing and Placing and Open Offer, an offer, sale or transfer of the New Ordinary Shares within the United States by a dealer (whether or not participating in the Firm Placing and Placing and Open Offer) may violate the registration requirements of the Securities Act.

Any person in the United States into whose possession this Prospectus comes should inform himself about and observe any applicable legal restrictions; any such person in the United States who is able to make the representations, warranties and agreements stated in (a) to (d) above is required to disregard this Prospectus. No representation has been, or will be, made by the Company or the Joint Bookrunners as to the availability of a Rule 144 of the Securities Act or any other exemption under the Securities Act or any state securities laws for the reoffer, resale, pledge or transfer of the New Ordinary Shares.

9.11. *Other overseas territories*

Qualifying Shareholders in jurisdictions other than the United States or the Excluded Territories may, subject to the laws of their relevant jurisdiction, take up the New Ordinary Shares under the Open Offer in

accordance with the instructions set out in this Prospectus and, if relevant, the Application Form. Each person to whom the New Ordinary Shares or the Application Form are distributed, offered or sold outside the United States will be deemed by its subscription for, or purchase of, the New Ordinary Shares to have represented and agreed to the representations and warranties set out in this Part 8.

Qualifying Shareholders who have registered addresses in or who are resident or located in, or who are citizens of, all countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements.

9.12. *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein makes the representations and warranties set out below to the Company, Joint Bookrunners and the Receiving Agent, except where proof has been provided to the Company's satisfaction (in its absolute discretion) that such person's completion of the Application Form or request for registration of the Open Offer Shares comprised therein will not result in the contravention of any applicable legal or regulatory requirement in any jurisdiction.

In the absence of such proof, the representations and warranties referred to above are that:

- (a) such person is not in the United States or any Excluded Territory;
- (b) such person is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Open Offer Shares;
- (c) such person is not acquiring Open Offer Shares for the account of any person who is located in the United States, unless:
 - (i) the instruction to acquire was received from a person outside the United States; and
 - (ii) the person giving such instruction has confirmed that (A) it has the authority to give such instruction, and (B) either (I) has investment discretion over such account or (II) is an investment company that is subscribing for the New Ordinary Shares in an "offshore transaction" within the meaning of Regulation S; and
- (d) such person is not subscribing for Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into the United States or any Excluded Territory or any other jurisdiction referred to in paragraph (b) above.

The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it (a) appears to the Company or its agents to have been executed in, or despatched from, the United States or any of the Excluded Territories or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if the Company or its agents believe the same may violate any applicable legal or regulatory requirement, (b) provides an address in the United States or any of the Excluded Territories for delivery of definitive share certificates for Open Offer Shares or any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates, or (c) purports to exclude the representations and warranties required by this paragraph 9.12 of this Part 8.

9.13. *Qualifying CREST Shareholders*

A Qualifying CREST Shareholder who makes a valid acceptance in accordance with the procedures set out in this Part 8 represents and warrants to the Company, the Joint Bookrunners and the Registrar that, except where proof has been provided to the Company's satisfaction (in its absolute discretion) that such person's acceptance will not result in the contravention of any applicable legal or regulatory requirement in any jurisdiction:

- (a) such person is not in the United States or any Excluded Territory;
- (b) such person is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Open Offer Shares;
- (c) such person is not acquiring Open Offer Shares for the account of any person who is located in the United States, unless:
 - (i) the instruction to acquire was received from a person outside the United States; and
 - (ii) the person giving such instruction has confirmed that (A) it has the authority to give such instruction, and (B) either (I) has investment discretion over such account or (II) is an investment company that is subscribing for the New Ordinary Shares in an “offshore transaction” within the meaning of Regulation S; and
- (d) such person is not subscribing for Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into the United States or any Excluded Territory or any other jurisdiction referred to in paragraph (b) above.

The Company reserves the right to reject any USE instruction sent from the United States or any of the Excluded Territories or by a CREST Member who is acting on a non-discretionary basis for the account or benefit of a person located within the United States or an Excluded Territory or any other jurisdiction where it is unlawful to make or accept an offer to subscribe for Open Offer Shares.

9.14. Waiver

The provisions of this paragraph and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its absolute discretion (after consultation with the Joint Bookrunners). Subject to this, the provisions of this paragraph supersede any terms of the Open Offer inconsistent herewith. References in this paragraph to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph shall apply to them jointly and to each of them.

10. U.S. CONSIDERATIONS

10.1. Available information

The Company has agreed that, for so long as any of the New Ordinary Shares are “restricted securities” as defined in Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

10.2. Service of process and enforcement of civil liabilities

The Company is incorporated under the laws of England and Wales. Service of process upon Directors and Senior Management of the Company, most of whom reside outside the United States, may be difficult to obtain in the United States. Furthermore, since directly owned assets of the Company are outside the United States, any judgment obtained in the United States against it may not be collectible within the United States. There is doubt as to the enforceability of certain civil liabilities under U.S. federal securities laws in original actions in English courts, and, subject to certain exceptions and time limitations, English courts will treat a final and conclusive judgment of a U.S. court for a liquidated amount as a debt requiring enforcement by fresh proceedings in the English courts.

11. ADMISSION, SETTLEMENT AND DEALINGS

The results of the Open Offer are expected to be announced through a Regulatory Information Service on or around 9 July 2020. Applications will be made to the FCA for the Open Offer Shares to be admitted to listing on the premium listing segment of the Official List and to the London Stock Exchange for the Open Offer Shares to be admitted to trading on its Main Market for listed securities. Subject to certain conditions being satisfied, it is expected that Admission will become effective, and that dealings for settlement in the New Ordinary Shares will commence, at 8.00 a.m. on 10 July 2020. The Open Offer Shares can be held in either certificated or uncertificated form through CREST. In the case of Shareholders wishing to hold the Open Offer Shares in certificated form, definitive certificates in respect of the Open Offer Shares will be issued free of stamp duty and are expected to be despatched by post within fourteen days of Admission. No temporary documents of title will be issued and, pending such despatch, transfers will be certified against the share register.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST. Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 8 July 2020 (the latest time and date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 10 July 2020). On this day, the Registrar will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlement to Open Offer Shares with effect from Admission (expected to be 10 July 2020). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for are expected to be despatched by post within fourteen days of Admission. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the register. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 7 (“*Procedure for Application and Payment*”) of this Part 8 and the Application Form.

12. TIMES AND DATES

The Company shall, in agreement with the Joint Bookrunners and after consultation with its legal advisers, be entitled to amend the dates on which Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this Prospectus and in such circumstances shall notify the FCA and the London Stock Exchange and make an announcement issued via a Regulatory Information Service. Qualifying Shareholders may not receive any further written communication.

If a supplementary document is issued by the Company two or fewer Business Days before the latest time and date for acceptance and payment in full under the Open Offer specified in this Prospectus, the latest date of acceptance under the Open Offer shall be extended to the date which is three Business Days after the date of issue of the supplementary document (and the dates and times of principal events due to take place following such date shall be extended accordingly).

13. FURTHER INFORMATION

Your attention is drawn to the further information set out in this Prospectus and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Application Forms, to the terms and conditions and other information printed on the Application Form. You are advised to read the whole of this Prospectus, including the documents incorporated by reference in Part 14 (“*Historical Financial Information*”) of this Prospectus.

14. GOVERNING LAW AND JURISDICTION

The terms and conditions of the Open Offer as set out in this Prospectus and the Application Form, and any non-contractual obligations related thereto, shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this Prospectus or the Application Form, including (without limitation) disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this Prospectus or the Application Form. By taking up New Ordinary Shares pursuant to the Open Offer in accordance with the instructions set out in this Prospectus and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART 9

QUESTIONS AND ANSWERS ABOUT THE PLACING AND OPEN OFFER

The questions and answers set out in this Part are intended to be in general terms only and, as such, you should read Part 8 (“Terms and Conditions of the Open Offer”) of this Prospectus for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under FSMA if you are in the United Kingdom.

This Part 9 deals with general questions relating to the Placing and Open Offer and more specific questions relating principally to persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 9 (“Overseas Shareholders”) of Part 8 (“Terms and Conditions of the Open Offer”) of this Prospectus and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your entitlements. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read paragraph 7.2 (“If you have received Open Offer Entitlements credited to your stock account in CREST credited in respect of your entitlement under the Open Offer”) of Part 8 (“Terms and Conditions of the Open Offer”) of this Prospectus for full details of what action you should take. If you are a CREST Sponsored Member, you should also consult your CREST Sponsor.

If you do not know whether you hold Existing Ordinary Shares in certificated form or in uncertificated form (that is, through CREST), please contact Computershare on 0370 707 1293 if calling from the UK or +44 370 707 1293 if calling from outside the UK. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Please note that, for legal reasons, the Shareholder helpline is only able to provide information contained in this Prospectus and information relating to the Company's register of members and is unable to give advice on the merits of the Open Offer, as to whether applicants should take up their Open Offer Entitlements or to provide legal, business, financial, tax or investment advice. If you are a CREST Sponsored Member you should consult your CREST Sponsor if you wish to apply for Open Offer Shares as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.

The contents of this Prospectus should not be construed as personal, legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his or its own appropriate professional advisers for advice. This Prospectus is for your information only and nothing in this Prospectus is intended to endorse or recommend a particular course of action.

1. WHAT IS THE PLACING AND OPEN OFFER?

A placing and open offer is a way for companies to raise money. Companies usually do this by giving their existing shareholders (subject to certain exclusions) a right to acquire further shares at a fixed price in proportion to their existing shareholdings (this is known as an “open offer”) and by providing for certain investors to acquire new shares in the company (this is known as a “placing”). The fixed price is normally at a discount to the market price of the existing ordinary shares before the announcement of the placing and open offer.

2. WHAT IS THE OPEN OFFER?

The Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire an aggregate of up to 147,889,245 New Ordinary Shares at a price of 30 pence per New Ordinary Share. Unless you are an ADR Holder or (subject to certain exceptions) a Shareholder with a registered address in or are resident

in the United States or an Excluded Territory, if you hold Ordinary Shares on the Record Date or have a *bona fide* market claim you will be entitled to buy New Ordinary Shares under the Open Offer.

The Open Offer is being made on the basis of 1 New Ordinary Share for every 4 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to New Ordinary Shares is not a whole number, you will not be entitled to buy any fraction of a New Ordinary Share and so your entitlement to New Ordinary Shares will be rounded down to the nearest whole number. New Ordinary Shares are being offered to Qualifying Shareholders in the Open Offer at a discount to the share price on the last Business Day before the announcement of the terms of the Firm Placing and Placing and Open Offer. The Issue Price of 30 pence per New Ordinary Share represents a 10.6% discount to the closing price of 33.5 pence per Ordinary Share on 18 June 2020 (being the last Business Day before the date of announcement of the terms of the Firm Placing and Placing and Open Offer). This discount has been set by the Directors following careful consideration. The Directors are in agreement that the level of discount is appropriate in order to secure the investment necessary in the Company, having regard to prevailing market conditions and transaction costs. The Directors believe the Issue Price is, therefore, appropriate for the Open Offer.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement.

Unlike in a rights issue, Application Forms are not negotiable documents and cannot themselves be traded. New Ordinary Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those Shareholders who do not (or are not able to) apply under the Open Offer and Shareholders who do not (or are not able to) apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer.

3. AM I ELIGIBLE TO PARTICIPATE IN THE PLACING?

New Ordinary Shares will only be placed to investors in the Placing to the extent that they are not taken up or subscribed for pursuant to the Open Offer, and so do not form part of the Open Offer. Unless you are a Conditional Placee, you will not participate in the Placing.

4. WHEN WILL THE OPEN OFFER TAKE PLACE?

The Open Offer is subject to, among other matters, Admission becoming effective by no later than 8.00 a.m. on 10 July 2020 (or such later date and/or time as the Company may agree with the Joint Bookrunners, being not later than 8.00 a.m. on 27 July 2020).

5. WHAT IS AN APPLICATION FORM?

If you are a Qualifying Shareholder who holds your Ordinary Shares in certificated form (that is not held in CREST), you will receive an Application Form. This form sets out your entitlement to subscribe for the New Ordinary Shares and you should complete it if you want to participate in the Open Offer.

6. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. HOW DO I KNOW I AM ELIGIBLE TO PARTICIPATE IN THE OPEN OFFER?

If you receive an Application Form and are not an ADR Holder or (subject to certain exceptions) a holder with a registered address or located in the United States or in any Excluded Territory, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares before 22 June 2020 (the date when the Existing Ordinary Shares are expected to be marked “ex-entitlement” by the London Stock Exchange).

7. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. HOW DO I KNOW HOW MANY NEW ORDINARY SHARES I AM ENTITLED TO TAKE UP?

If you hold your Existing Ordinary Shares in certificated form, are not an ADR Holder and (subject to certain exceptions) do not have a registered address and are not resident in the United States or in any Excluded Territory, you will be sent an Application Form with this Prospectus that shows:

- how many Existing Ordinary Shares you held on the Record Date;
- how many New Ordinary Shares are comprised in your Open Offer Entitlement; and
- how much you need to pay if you want to take up your right to subscribe for all of your Open Offer Entitlement.

If you would like to apply for any of or all of the New Ordinary Shares comprised in your Open Offer Entitlement, you should complete the Application Form in accordance with the instructions printed on it and the information provided in this Prospectus. Completed Application Forms should be posted, along with a cheque or banker's draft drawn in the appropriate form, in the accompanying pre-paid envelope or returned by hand (during normal office hours only), to the Receiving Agent so as to be received by the Receiving Agent by no later than 11.00 a.m. on 8 July 2020, after which time Application Forms will not be valid.

8. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM AND AM ELIGIBLE TO RECEIVE AN APPLICATION FORM. WHAT ARE MY CHOICES IN RELATION TO THE OPEN OFFER?

8.1. *If you do not want to take up your Open Offer Entitlement*

If you do not want to take up your Open Offer Entitlement, you do not need to do anything. In these circumstances, you will not receive any New Ordinary Shares. You will also not receive any money when the New Ordinary Shares you could have taken up are sold, as would happen under a rights issue. You cannot sell your Application Form to anyone else. If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11.00 a.m. on 8 July 2020, the Company has made arrangements under which the Company has agreed to issue the Open Offer Shares to Conditional Placees under the Placing. If you do not take up your Open Offer Entitlement, then following the CD&R Investment, the Firm Placing and issue of the Open Offer Shares pursuant to the Open Offer, your interest in the Company will be significantly diluted. Even if a Qualifying Shareholder subscribes for the basic entitlement under the Open Offer, their proportionate economic interest would be diluted by the issue of New Ordinary Shares pursuant to the CD&R Investment and the Firm Placing.

If you do not take up your Open Offer Entitlement, then following the issue of the New Ordinary Shares pursuant to the Capital Raise, your interest in the Company will be diluted by approximately 49.9% as a result of the Capital Raise.

8.2. *If you want to take up some but not all of your Open Offer Entitlement*

If you want to take up some but not all of the New Ordinary Shares to which you are entitled pursuant to your Open Offer Entitlement, you should write the number of New Ordinary Shares you want to take up in Box D of your Application Form; for example, if you are entitled to take up 100 New Ordinary Shares but you only want to take up 50 New Ordinary Shares, then you should write '50' in Box D. To work out how much you need to pay for the New Ordinary Shares, you need to multiply the number of New Ordinary Shares you want (in this example, '50') by £0.30, which is the price in Pounds Sterling of each New Ordinary Share (which would give you an amount of £15 in this example). You should write this amount in Box G, rounding up to the nearest whole pence, and this should be the amount your cheque or banker's draft is made out for. You should then sign the Application Form on page 3 (ensuring that all joint holders sign (if applicable)) and return the completed Application Form, together with a cheque or banker's draft for the relevant amount, in the accompanying pre-paid envelope (for use within the United Kingdom only), by post

or by hand (during normal office hours only), to the Receiving Agent so as to be received no later than 11.00 a.m. on 8 July 2020, after which time Application Forms will not be valid. Please do not send cash.

All payments must be in Pounds Sterling and made by cheque or banker's draft made payable to "CIS PLC re SIG plc Open Offer Acceptance" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which is in the United Kingdom, the Channel Islands or the Isle of Man and which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner and must be for the full amount payable on application. Post-dated cheques will not be accepted.

Cheques drawn on a non-UK bank will be rejected. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and the number of an account held in the applicant's name on the back of the cheque or banker's draft and the building society cheque or banker's draft has been stamped with the building society or bank branch's stamp. The account name should be the same as that shown on the application. Cheques or banker's drafts will be presented for payment upon receipt. Payments via CHAPS, BACS or electronic transfer will not be accepted. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender.

Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8.00 a.m. on 10 July 2020 (or such later time and date as the Company and the Joint Bookrunners shall agree, being not later than 8.00 a.m. on 27 July 2020), the Open Offer will lapse and application monies will be returned by post to applicants, at the applicants' risk and without payment of interest, to the address set out on the Application Form, within 14 days thereafter.

8.3. *If you want to take up all of your Open Offer Entitlement*

If you want to take up all of your Open Offer Entitlement, all you need to do is sign the Application Form on page 3 (ensuring that all joint holders sign (if applicable)) and send the Application Form, together with your cheque or banker's draft for the amount (as indicated in Box C of your Application Form), payable to "CIS PLC re SIG plc Open Offer Acceptance" and crossed "A/C Payee Only", in the accompanying pre-paid envelope (for use within the UK only) by post to the Receiving Agent at Computershare, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours only) to Computershare, The Pavilions, Bridgwater Road, Bristol, BS13 8AE so as to be received by the Receiving Agent by no later than 11.00 a.m. on 8 July 2020, after which time Application Forms will not be valid. If you post your Application Form by first-class post, you should allow at least four Business Days for delivery within the United Kingdom. Please do not send cash.

All payments must be made in accordance with the instructions contained in paragraph 8.2 ("*If you want to take up some but not all of your Open Offer Entitlement*") of this Part 9.

8.4. *If you want to apply for more than your Open Offer Entitlement*

You cannot apply for more than your Open Offer Entitlement.

9. I HOLD MY EXISTING ORDINARY SHARES IN UNCERTIFICATED FORM IN CREST. WHAT DO I NEED TO DO IN RELATION TO THE OPEN OFFER?

CREST Members should follow the instructions set out in paragraph 7.2 (“If you have received Open Offer Entitlements credited to your stock account in CREST credited in respect of your entitlement under the Open Offer”) of Part 8 (“Terms and Conditions of the Open Offer”) of this Prospectus. Persons who hold Existing Ordinary Shares through a CREST Member should be informed by the CREST Member through whom they hold their Existing Ordinary Shares of the number of Open Offer Shares which they are entitled to acquire under their Open Offer Entitlement, and should contact them should they not receive this information.

10. I ACQUIRED MY EXISTING ORDINARY SHARES BEFORE THE RECORD DATE AND HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHAT IF I DO NOT RECEIVE AN APPLICATION FORM OR I HAVE LOST MY APPLICATION FORM?

If you do not receive an Application Form, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 17 June 2020 and who have subsequently converted them to certificated form; and
- Qualifying Non-CREST Shareholders who bought Existing Ordinary Shares before 8.00 a.m. on 19 June 2020 but were not registered as the holders of those shares at the close of business on 17 June 2020.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact Computershare on 0370 707 1293 if calling from the UK or +44 370 707 1293 if calling from outside the UK. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

11. DO I HAVE TO APPLY FOR ALL OF MY OPEN OFFER ENTITLEMENT?

You can take up any number of the New Ordinary Shares allocated to you under your Open Offer Entitlement. If you are a Qualifying Non-CREST Shareholder, your maximum Open Offer Entitlement is shown on your Application Form. If you are a Qualifying CREST Shareholder, your maximum Open Offer Entitlement will be credited to your stock account in CREST. Any applications by a Qualifying Shareholder for a number of New Ordinary Shares which is equal to or less than that Qualifying Shareholder's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional. If you decide not to take up all of the New Ordinary Shares comprised in your Open Offer Entitlement, then your proportion of the ownership and voting interest in the Company will be reduced. Please refer to the answer to question 2 for further information.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should also note that their Application Form is not a negotiable document and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, the Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Shareholders should be aware that in an Open Offer, unlike a rights issue, any New Ordinary Shares for which application has not been made under the Open Offer will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their Open Offer Entitlement will have no rights under the Open Offer or receive any proceeds from it.

12. WHAT IF I CHANGE MY MIND?

If you are a Qualifying Non-CREST Shareholder, once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of New Ordinary Shares for which you have applied, except in the very limited circumstances which are set out in paragraph 7.3 (“*Withdrawal Rights*”) of Part 8 (“*Terms and Conditions of the Open Offer*”) of this Prospectus.

13. WHAT IF THE NUMBER OF NEW ORDINARY SHARES TO WHICH I AM ENTITLED IS NOT A WHOLE NUMBER; AM I ENTITLED TO FRACTIONS OF NEW ORDINARY SHARES?

If the number is not a whole number, you will not receive a fraction of a New Ordinary Share and the number of New Ordinary Shares comprising your entitlement will be rounded down to the nearest whole number.

14. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHAT SHOULD I DO IF I WANT TO SPEND MORE OR LESS THAN THE AMOUNT SET OUT IN BOX C OF THE APPLICATION FORM?

You cannot spend more than the amount set out in Box C of the Application Form. If you want to spend less than the amount set out in Box C, you should divide the amount you want to spend by £0.30 (being the price, in Pounds Sterling, of each New Ordinary Share under the Open Offer). This will give you the number of New Ordinary Shares you should apply for. You can only apply for a whole number of New Ordinary Shares. For example, if you want to spend £100 you should divide £100 by £0.30. You should round that down to the nearest whole number, to give you the number of shares you want to take up. Write that number in Box D. To then get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of New Ordinary Shares you want to apply for by £0.30 and then fill in that amount (rounded up to the nearest whole pence) in Box G and on your cheque or banker's draft accordingly.

15. WHAT IF I HOLD OPTIONS AND AWARDS UNDER THE SHARE PLANS?

In accordance with the rules of the Share Plans as further described in paragraph 8 (“*Employee Share Plans*”) of Part 16 (“*Additional Information*”) of this Prospectus, subsisting awards may be adjusted to take account of the issue of New Ordinary Shares pursuant to the Open Offer (but not the Firm Placing and Placing). Participants will be contacted separately in due course with further information as to how (if at all) their awards will be adjusted. Participants in the SIP will be contacted with regard to the impact of the Open Offer on the Ordinary Shares held for them under the SIP and the actions (if any) that they may need to take.

16. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHAT SHOULD I DO IF I HAVE SOLD SOME OR ALL OF MY EXISTING ORDINARY SHARES?

If you hold shares in the Company directly and you sell some or all of your Existing Ordinary Shares before the Record Date, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for New Ordinary Shares under the Open Offer.

17. WILL THE EXISTING ORDINARY SHARES THAT I HOLD NOW BE AFFECTED BY THE OPEN OFFER?

If you decide not to apply for any of the New Ordinary Shares under your Open Offer Entitlement, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced following completion of the Capital Raise.

18. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHERE DO I SEND MY APPLICATION FORM?

You should send your completed Application Form together with payment in the accompanying pre-paid envelope, by post or by hand (during normal office hours only), together with the payments by cheque or banker's draft in the appropriate form to the Receiving Agent. If you post your Application Form by first-class post in the United Kingdom you should allow at least four Business Days for delivery.

If you do not want to take up or apply for New Ordinary Shares then you need take no further action.

19. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHEN DO I HAVE TO DECIDE IF I WANT TO APPLY FOR NEW ORDINARY SHARES?

The Receiving Agent must receive the Application Form by no later than 11.00 a.m. on 8 July 2020, after which time Application Forms will not be valid. If an Application Form is being sent by first-class post in the United Kingdom, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

20. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHEN WILL I RECEIVE MY NEW SHARE CERTIFICATE?

It is expected that the Registrar will post all new share certificates within fourteen days of Admission.

21. HOW DO I TRANSFER MY ENTITLEMENTS INTO THE CREST SYSTEM?

If you are a Qualifying Non-CREST Shareholder, but are a CREST Member and want your New Ordinary Shares to be in uncertificated form, you should complete the CREST deposit form (contained in the Application Form), and ensure it is delivered to the CREST Courier and Sorting Service in accordance with the instructions in the Application Form. CREST Sponsored Members should arrange for their CREST Sponsor to do this.

22. IF I BUY ORDINARY SHARES AFTER THE RECORD DATE, WILL I BE ELIGIBLE TO PARTICIPATE IN THE OPEN OFFER?

If you bought your Ordinary Shares after the Record Date you are unlikely to be able to participate in the Open Offer in respect of such Ordinary Shares.

23. WILL THE CAPITAL RAISE AFFECT DIVIDENDS ON THE ORDINARY SHARES?

The New Ordinary Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

24. WILL I BE TAXED IF I TAKE UP MY ENTITLEMENTS?

Certain information on United Kingdom taxation with regard to the Open Offer is set out in paragraph 13 ("*UK Taxation*") of Part 16 ("*Additional Information*") of this Prospectus. This information is intended as a general guide only and Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser immediately.

25. WHAT SHOULD I DO IF I LIVE OUTSIDE THE UNITED KINGDOM?

ADR Holders and, subject to certain exceptions, Shareholders with registered addresses, or who are resident, in the United States or any Excluded Territory, are not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 9 ("*Overseas Shareholders*") of Part 8 ("*Terms and Conditions of the Open Offer*") of this Prospectus.

26. FURTHER ASSISTANCE

All enquiries in relation to the procedure for application and completion of Application Forms should be addressed to the Receiving Agent or made by telephone to Computershare on 0370 707 1293 if calling from the UK or +44 370 707 1293 if calling from outside the UK. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

PART 10 BUSINESS DESCRIPTION

Unless otherwise stated, the financial information relating to the Company and the Group set out in this part of the document has been extracted without material adjustment from the historical financial information incorporated by reference into Part 14 (“Historical Financial Information”) of this Prospectus.

1. OVERVIEW AND HISTORY

The Group is a leading supplier of specialist building materials to trade customers across the UK, Ireland and Mainland Europe, with strong positions in its core markets as a specialist distributor of insulation and interiors products and as a merchant of roofing and exteriors products.

The Group plays an important role in the construction industry. For its customers, SIG facilitates one-stop access to an extensive product range, provides expert technical advice, breaks bulk supplies into suitable quantities and coordinates often complex delivery requirements, ensuring that customers are supplied with what they need, when it is needed. For its suppliers, SIG provides a channel through which suppliers can bring their products to a highly fragmented market of smaller customers conveniently and efficiently, extends product guidance and support, and provides fulfilment capability to sites that are of insufficient scale to supply direct. The Group operates in the UK, France and Germany, which collectively represented 83% of the Group's revenue in 2019, as well as in Ireland, Poland and the Benelux area, and is either a market leader or a significant market player across its portfolio. The Group is committed to delivering the highest levels of customer service and, as at 31 December 2019, the Group employed a headcount of 6,452 employees (excluding Air Handling) and operated a network of 425 trading sites.

The Company was founded in 1957 as The Sheffield Insulating Company Limited in the United Kingdom and was first listed on the London Stock Exchange in 1989, when it became SIG Group plc. The Company was later renamed SIG plc in 1994.

From the start of the 1990s, the Group expanded rapidly, making several acquisitions of specialist building material and roofing suppliers, primarily in the UK and Mainland Europe. While the group continued to expand through acquisitions as well as entry into new countries and product markets through the mid-2000s, in the wake of the 2008 global financial crisis and corresponding downturn in construction activity, the Group implemented a strategy focused on cost and debt reduction in order to navigate the prevailing austerity. Non-core operations were divested, management layers were reduced and branches were closed or merged to create a leaner organisation with a significantly reduced cost base. For example, between 2009 and 2013 the Group reduced its headcount by approximately 3,700 and closed or merged 220 branches. This was supported by the raising of £325 million of equity in 2009.

This strategy further evolved in 2014, with the Group taking additional steps to reduce the cost of materials and service, more in line with a commodity retail strategy rather than a specialist product and service provider. Cost and debt reduction remained a central focus, with the rationalisation of less profitable products, customers and branches.

In 2017, the cost and debt reduction strategy was sustained under the heading of a new operating model: realigning the Group to more centralised functional structures in each operating company, and thereby increasing operational efficiency, lowering inventory levels and restoring profitability. Price increases were also implemented in an effort to preserve margins. The revised 2017 strategy also prompted the closure or disposal of a number of peripheral, non-core business activities, narrowing the Group's focus while reducing indebtedness. Since the start of 2017, SIG has sold or closed 19 businesses, most recently the sale of its Air Handling business to France Air for an enterprise value of £187 million, generating a net cash inflow of £163 million, before transaction costs, which completed in January 2020. In addition, although the Group entered into an agreement with the Kingspan Group to sell Building Solutions (National) Limited, in October 2019, as announced to the market on 7 April 2020 the disposal was referred to a Phase 2 investigation by the CMA.

Because the agreement was due to expire on 7 July 2020, whereas the investigation was expected to conclude in October 2020, an extension to the agreement would have been required. Due to prevailing market conditions, the Group and the Kingspan Group were not able to agree commercial terms for an extension, and accordingly terminated the agreement on 21 May 2020. The Group is currently reviewing a number of options regarding the Building Solutions business.

The Group currently operates two core businesses:

- **Specialist Distribution** (also known as **distribution**): The Group is a leading supplier of insulation products and interiors fit-out products in Europe, supplying customers with a comprehensive range of over 250,000 products via an extensive branch network of 200 sites as at 31 December 2019. The specialist distribution business operates primarily in the UK, France and Germany, which collectively represented 76% of the Group's specialist distribution revenue in 2019, as well as in Ireland, Poland and the Benelux area. The Group is either a market leader or a significant market player in the countries in which it operates, according to management estimates. The specialist distribution business (including SIGD) represented 70% of the Group's total underlying revenue in 2019.
- **Roofing Merchanting** (also known as **exteriors**): The Group is a leading specialist merchant of roofing products in the UK and France, with a branch network of 225 sites as at 31 December 2019. The roofing merchanting business (including SIGE) represented 30% of the Group's total underlying revenue in 2019.

The Group's underlying revenue for 2019 was £2.1 billion and the Group had an underlying profit before tax (post IFRS 16) of £15.6 million in 2019. The Group's underlying profit before tax, including the results of the Air Handling and Building Solutions businesses which were held for sale, (pre IFRS 16) was £41.9 million for 2019.

The Group is exposed to a well-balanced profile of end-markets. The Group believes its focus towards non-discretionary RMI spend mitigates some of the volatility existent in the new-build industry. The Group's end-markets are also diversified by both region and businesses.

According to management estimates, in 2019, the Group's UK and Ireland businesses had just over half of their sales from the new residential and new non-residential sectors and just under half of sales from residential and non-residential RMI, with the small remainder from the new and RMI industrial sectors. In the European businesses just under half of their sales came from new residential and non-residential sales, and just under a half came from residential and non-residential RMI, with a tenth from new and RMI industrial sectors.

2. COMPETITIVE STRENGTHS

The Company believes that it possesses a number of competitive strengths, as follows, that together are expected to enable the successful implementation of its new strategy.

2.1. *Market leading positions*

In both the specialist distribution business and the roofing merchanting business, SIG is either a market leader or a significant market player in its operating geographies, according to management estimates.

2.2. *Extensive branch network*

With 425 trading sites as at 31 December 2019, in both the specialist distribution business and the roofing merchanting business across Mainland Europe, as well as a nationwide UK distribution network, SIG's presence and proximity to its customers is an important differentiator.

2.3. *Exposure to high growth product categories, including Environmental, Social and Governance (ESG)-related categories*

Insulation and roofing have been some of the fastest growing construction products in recent years and this trend is expected to continue in the medium to long term, driven by a range of factors. These include concern for the environment, high energy costs, new legislation seeking to reduce energy consumption, new building regulations, and grant schemes to improve energy efficiency in existing residential properties.

The Group is well placed to benefit from this positive trend. Additionally, in the markets in which the Group operates, overall demand for industrial insulation is expected to remain robust, and publicly funded non-residential works are anticipated to benefit from accelerated government spending.

2.4. *Omni-channel offering (though limited exposure to disruptive formats today)*

Over the past several years, SIG has invested in an enhanced digital platform to complement telephone and branch sales and begin to establish an omni-channel offering. Although the disruption of the Group's end-markets by online sales to date remains limited, SIG recognises the importance of remaining competitive in this space.

2.5. *Economies of scale and skill*

SIG's scale is a clear differentiator relative to the majority of its smaller competitors. Key areas of realisable benefit include: coordination of nationwide supplier and customer contracts to achieve optimal rebate structure and terms; leveraging best practices across the Group, both within and across geographies; fulfilment of large-scale orders that smaller competitors are unable to challenge for; and collaboration between local teams and branches to generate cross-sales.

2.6. *Balanced end-market exposure*

The Group believes it is exposed to a well-balanced profile of end-markets. According to management estimates, Specialist Distribution had just under half of its 2019 sales from the RMI sector, just under a quarter from the new residential sector, and the remainder split between industrial projects and new non-residential projects. During the same period, according to management estimates, Roofing Merchants has just under half of sales from the RMI sector, just over half from new residential and new non-residential sectors, and the small remainder from industrial projects.

2.7. *Highly skilled, specialist workforce*

SIG operates in a specialist field, with a headcount of 6,452 employees (excluding Air Handling) as at 31 December 2019, including approximately 2,777 individuals in the UK across approximately 160 branches, providing its customers with the customer service and product support that they need.

3. STRATEGY

In order to return the Group to profitable growth, the Board has developed a new strategy that reprioritises strong customer-centric values and a commitment to proximity, expertise and service, restoring the Group's historical differentiators. The key tenets of the Group's new strategy are as follows:

3.1. *Local P&Ls within a “franchise-style” operating model, supported by best in class operations and systems;*

The new strategy is underpinned by the transition to a “franchise-style” operating model with local P&Ls, which seeks to rebalance the role of the local teams, branches and the centre. Key commercial functions were over-centralised within operating companies under the 2017-2019 cost and debt reduction strategy,

resulting in a loss of autonomy and accountability at the front line (regional, key account / branch level), demotivation of local staff, slower decision-making and the inflation of central costs.

In a business which is sales-led and an industry where local customer relationships and understanding of market dynamics are key, the re-empowerment of key account and branch teams is fundamental to SIG's recovery. The revised operating model inherent to the Group's new strategy is characterised by increased autonomy and accountability at the key account manager and branch levels, ensuring that local teams, branch managers and their staff have the tools and incentives to retain and win customers through excellent customer service and effective pricing.

The local teams and branches will be supported by lean central functions with deep expertise, responsible for overseeing performance, applying suitable controls, setting policy and providing the training and guidance necessary to ensure a common understanding and execution in accordance with the Company's business philosophy: operational excellence and the highest governance standards.

The Group's new strategy is founded on a clear vision and culture. The Group has refreshed these and intends to ensure that they are consistently owned and lived within each of the countries in which the Group operates.

The Group's purpose and vision are summarised as follows:

Our purpose		
Enable sustainable & safe living and working environments in the communities in which we operate		
Our vision		
To be the leading B2B distributor of specialist construction products in our key markets		
Applying our specialist knowledge, expertise and synergies of omni-channel distributors in supply chain, sourcing, finance management, reporting and sales	Leveraging significant capacity to grow in different market segments within the construction market, capturing adjacent opportunities within Roofing and Interiors	Being opportunistic in external growth, respecting local brand and history while integrating new businesses into our model
Our culture		
Our culture is underpinned by our bold, flexible and agile approach and we work together to do the right thing to make a positive difference		
Our key strengths		
Employee Expertise Our people are our competitive advantage, with specialist product and market knowledge	Proximity-led Our leading branch network and omni-channel approach allows greater proximity to our customers	High Quality Service Our people go the extra mile to give our customers the products they need at the time they need them
Scale Intelligence Our scale in each of our operating countries enables strong supplier partnerships		

3.2. *Rebalance the strategic focus between growth and cost reduction;*

The Group's previous strategy encompassed aggressive cost-cutting measures that sought to increase profits by growing margins rather than revenue. Although this delivered a degree of operational efficiencies in parts of the organisation, this approach also contributed to an erosion of the Group's specialist capabilities, loss of many key skilled employees and, ultimately, a reduction in market share.

The Group's new strategy is founded on a sales-led approach and a plan to recapture lost market share, striking greater balance between cost reduction and revenue growth initiatives. The resulting increase in revenue is expected to result in more efficient use of the Group's existing cost base, rather than necessitate significant additional costs to support this growth.

The Group's strategic focus is summarised as follows:

Our strategic focus

We will achieve our vision through

Nurturing **passionate leadership** throughout our business

Growing our leading share in our chosen specialist markets through excellence in **Service, Proximity** and **Expertise**

Seeking new market opportunities in the construction industry which suit our USPs and strategy and operating model

Strengthening customer relationships through a consistent, disciplined and proactive approach to sales force management and training. We build sustainable, confident sales teams

Becoming **a primary customer** to our **key suppliers** through scale, coverage and an intimate knowledge of their business and our markets

Extracting **economies of scale and skill** through our modernised supply chain and continuously searching for opportunities to digitise our business

We drive **health and safety standards** with determination, energy and passion to achieve Zero Harm and **act responsibly** in our impact on our communities and the environment

Aim to consistently achieve a **profit margin of 5%** in operating companies while reinvesting in business efficiency and innovation

Modernising our operating model, continuing our direction towards:

Driving an **omni-channel customer and sales-led organisation** built around strong, local relationships and supported by our network of specialists and well-invested national supply chains utilising **digitisation** wherever possible;

Delegating **accountability** for performance to **local teams** supported by small divisional teams with deep functional expertise (e.g. Procurement, category management, operations, systems and digitisation);

Ensuring lean and efficient **Corporate and Group** function, which oversees performance, **provides industry leadership & vision**, sets policy, apply suitable controls, provide guidance and support and to ensure **high governance standards**

Over-and-above the significant growth that the Directors believe can be delivered by a return to doing the basics well, the Board sees considerable value creation potential in the medium term by executing a disciplined consolidation strategy. A number of SIG's end markets remain relatively fragmented and, as a leading player, the Group has developed a clear pipeline of opportunities that are ready to be advanced once the Group has returned to a position of financial strength.

3.3. *Strengthen sales-led culture by accelerating salesforce rebuild and augmenting commercial leadership throughout the organisation... "everyone sells";*

Fundamental to the Group's new strategy is a renewed focus on strengthening customer relationships with a disciplined and proactive approach to sales force management and training. Through this, the Group will seek to build sustainable, winning sales teams that have the necessary autonomy, incentives and support to succeed. The creation of an entrepreneurial culture in which "everyone sells" is central to this objective.

The successful implementation of SIG's new sales-led strategy is highly dependent on the strength of the leadership team in place to deliver it. Significant operational experience and capability was already in place before 2020, particularly in France, Poland and the Benelux countries, with a strong bench of operating company Managing Directors and Financial Directors.

The leadership team has been augmented in 2020 through a number of key appointments, including:

- Steve Francis: CEO
- Philip Johns: MD of newly merged management teams of the SIGD and SIGE UK divisions, the Group's largest division and focus of the Group's near-term market share recovery programme. Phil returns with 30 years of industry experience, gained mostly in SIG
- Kath Kearney-Croft: CFO (interim)
- Ian Ashton: CFO (appointed with effect from 1 July 2020)
- Further senior appointments to upgrade the Group's leadership

The central finance team has also been bolstered under Kath's leadership, with additional internal as well as external support in the near term.

The Group's revised people strategy represents a shift away from a centralised control model towards a culture of entrepreneurship, commitment and empowerment, led from the top. A key component of this is the upskilling and nurturing of key staff throughout the organisation, to ensure they have the capabilities and confidence to lead teams effectively.

3.4. *Gain market share through enhanced customer proximity and service, including strengthening the branch network and augmenting the digital offering;*

Due to the fragmented nature of the markets in which SIG operates, proximity to the customer is fundamental to developing relationships and growing sales.

The Group's extensive network of local teams and branches is considered by the Board to be a key strength, and the development and optimisation of this network, supported by tailored e-commerce channels, will remain an important pillar of the Group's new strategy.

In addition to maintaining and improving geographical coverage, SIG's new strategy seeks to devolve greater accountability and autonomy to the local teams and branches, empowering staff to win in the market.

SIG intends to lead the industry in the adoption of e-commerce and the development of digital intimacy, providing an additional channel through which to strengthen relationships with customers who demand and value it.

Although the disruption of the Group's end markets by online sales to date remains limited, SIG recognises the importance of remaining competitive in this space. Accordingly, over the past several years, SIG has been investing in an enhanced digital platform to complement telephone and branch sales and establish an omni-channel offering. The Group will continue to take a measured and phased approach, financing this investment from the Group's normal annual investment budget, thereby balancing the Group's capital at risk with the scale of the opportunity at each stage.

3.5. *Generate economies of scale and of skill, including re-establishing more strategic and Board-led supplier partnerships;*

SIG's scale is a clear differentiator relative to the majority of its smaller competitors. The new strategy focuses on extracting the benefits of this greater scale, without compromising the importance of the "franchise-style" operating model.

Key areas of benefit include: coordination of nationwide supplier and customer contracts to achieve optimal rebate structures and terms, a key focus area of the new strategy; leveraging best practices across the Group, both within and across geographies; fulfilment of large-scale orders that smaller competitors are unable to challenge for; and collaboration between local teams and branches to generate cross-sales.

The Group plans to also make greater use of economies of skill to complement its traditional economies of scale. The Group's size and breadth enables it to develop and exploit superior knowledge about the latest market trends and customer needs. The Company believes that the significant technical knowledge and capabilities involved in its specialist industry segment make it more difficult for new entrants to replicate the Group's capabilities. This is expected to enable the Group to form more strategic partnerships with suppliers and key customers driven from jointly evolved strategic business, product and supply chain innovation plans.

3.6. *Re-establish specialist focus and expertise*

SIG's role as a specialist rather than commodity distributor has historically been a key strength. By focusing on niche segments and providing customers with a system of products, alongside deep technical expertise, SIG has successfully differentiated its offering from commodity providers and established strong market positions across its end markets.

Although the Group's franchise remains strong, the cost reduction strategy of recent years has resulted in a degree of commoditisation within SIG's offering, with a loss of highly skilled, technical staff and narrowing of the product range towards higher volume but less specialist products. In the UK and, to a lesser extent, Germany, this has contributed to a loss of market share as the Group's differentiating strengths have been eroded.

The Group's new growth strategy is focused on re-establishing the Group's specialist focus and expertise, both in terms of the products and systems offered, as well as the service and technical knowledge provided.

The Group will seek to achieve this through refinement of its product focus, leveraging technical expertise to deliver innovative solutions to customers. Furthermore, a renewed focus on talent attraction, development and retention is intended to support the upskilling of the workforce, strengthening partnerships with both customers and suppliers.

3.7. *Leaner, smarter corporate functions; improve governance and financial discipline*

As SIG's centre has expanded under previous strategies, its role in supporting the Group's operating companies has become confused. As part of the transition to an effective "franchise-style" operating model, an important focus of the Board is to redefine the role of SIG plc. Rather than "command and control", the centre will be repositioned as a lean enabler, providing the Group's operating companies with the necessary resources, guidance and controls to operate effectively within their local markets.

SIG has also implemented a number of measures to improve the Group's financial discipline, in terms of both the quality of financial forecasting, as well as cost and cash management. This has been a key focus area for Steve Francis and Kath Kearney-Croft since joining the business, and revised processes and controls have been put in place to ensure a more rigorous and reliable forecasting process. The central finance team has also been strengthened to facilitate these improvements.

Enhanced KPI reporting has already been implemented to improve visibility of operational performance and current trading, allowing informed decisions to be taken on a timely basis.

Actions have also been undertaken to improve cost and working capital discipline at the Group, by adding capability and enhancing processes.

4. BUSINESS LINES AND PRODUCTS

The Group is a leading supplier of specialist building materials to trade customers across Europe. The Group operates two core businesses: its specialist distribution business which supplies insulation and interior products, and its roofing merchandising and exterior products business. In January 2020, the Group completed the sale of a third business, its Air Handling business. The Air Handling business reported £323.1 million revenue and underlying operating profit of £19.1 million, pre IFRS 16, in 2019.

The Group's specialist distribution business operates primarily in the UK, France and Germany, which collectively represented 76% of the Group's specialist distribution revenue in 2019, as well as in Ireland, Poland and the Benelux area and is either a market leader or a significant market player in the countries in which it operates. The Group's roofing merchandising business operates in the UKs and France where, the Directors believe, it is a leading specialist roofing supplier in both countries.

The Group connects the construction industry supply chain, providing a channel through which the Group's suppliers can bring their products to its customers conveniently and efficiently. The Group's customers include developers, contractors and sub-contractors from across the construction industry, as well as independent trade merchants. The Group receives products from specialist suppliers and stores them in its warehouses. The Group is then able to break bulk supplies into quantities suitable for its customers to purchase in-branch or for delivery to construction sites. The Group seeks to provide flexible credit and payment terms to its customers, which allows the Group's suppliers to reduce their own credit risk. The Group provides cost effective logistics and delivery services and provides assistance to its customers through its network of 425 trading sites (as at 31 December 2019). The Group is able to leverage a number of efficiencies due to its scale, including by utilising its warehouse management and inventory management systems, enabling control over stock availability and working capital, and utilising its transport management system for efficient scheduling and routing of deliveries. Through its scale and product know-how, the Group seeks to develop innovative solutions in partnership with suppliers and customers and to assist customers with the procurement process, helping them reduce construction costs.

The Group currently operates two core businesses, each of which are described below:

4.1. *Specialist Distribution*

The Group is a leading supplier of insulation products and interiors fit-out products in Europe. The Group supplies customers with a comprehensive range of over 250,000 products from leading manufacturers, including own brand products, as well as technical expertise. The Group offers a wide range of high quality interior products for the residential and non-residential construction markets. The Group's key specialist distribution products include structural and technical insulation, materials for reinforcement and formwork, construction accessories and fixings, cladding and facade systems, dry lining, ceiling tiles and grids, partition walls, doorsets and floor coverings.

The Group has grown from a single-site insulation distribution business into, according to management estimates, a market leader or a significant market player across its portfolio and in all of the markets in which it operates. The Group operates the specialist distribution business through the SIG brand in the UK, Ireland and Mainland Europe, including SIG Insulation and SIG Interiors in the UK, the LiTT brand in France, the WeGo/VTI brand in Germany and the J S McCarthy brand in Ireland.

According to management estimates, in 2019, Specialist Distribution had just under half of its sales from the RMI sector, just under a quarter from the new residential sector, and the remainder split between industrial projects and new non-residential projects. Specifically, the Company estimates that in 2019:

- In the UK, the Group's distribution business had just over a third of its sales from the new non-residential sector, just over a quarter from new residential sales, and just under a third distributed relatively evenly between residential and non-residential RMI sales, with the remainder from the industrial sector.
- In France, the Group's LiTT business had approximately half of its sales from the RMI sector (with most of these from non-residential RMI) and the other half from new non-residential projects and new residential projects (with most of these from non-residential projects).
- In Germany, the Group's business had approximately half of its sales from the RMI sector (with non-residential RMI representing the largest sub-set of this category at approximately a quarter of overall sales for Germany, followed by residential RMI, and with industrial RMI being the smallest sub-set), and approximately half of Germany sales from the new construction sector (with new non-residential representing the largest sub-set of this category with just less than a third of overall Germany sales, followed by new residential, and with new industrial being the smallest sub-set).

- In Ireland (and other jurisdictions), the Group' business had just over half of its sales from non-residential, residential and industrial RMI projects, approximately a third of sales from new non-residential projects and the remainder of sales from new residential projects.
- In Poland, the Group's business had over a third of sales from new residential and non-residential projects, just under a quarter from non-residential and residential RMI projects, and the remainder from new and RMI industrial projects.
- In Benelux, the Group's business had just over half of its sales from the RMI sector, just under a half from new residential and new non-residential projects and the remainder from the industrial sector.

The specialist distribution business operated across 200 trading sites as at 31 December 2019 (including shared sites) and represented 70% of the Group's total underlying revenue in 2019.

4.2. Roofing Merchanting

The Group is a leading specialist merchant of roofing products in the UK and France. The Group is also a leading supplier of reclaimed and pre-used roof tiles and slates in the UK.

The Group is able to provide technical know-how and a broad range of stock suited to the needs of its customers. The Group's key roofing products include tiles, slates, membranes and batten for pitched roofs, single-ply flat roof systems, industrial roofing and cladding systems and room-in-roof panel systems. As well as specialist roofing materials, each of the Group's trading sites offers a range of accessories such as tools and fixings, ventilation, access equipment, safety products and insulation materials.

The Group operates the roofing merchanting business through the SIG Roofing brand in the UK and the Larivière brand in France. SIG Roofing is the cornerstone of the Group's strong roofing merchanting business in the UK.

According to management estimates, in 2019, Roofing Merchanting had just under half of sales from the RMI sector, just over half from new residential and new non-residential sectors, and the small remainder from industrial projects. Specifically, UK Exteriors had over half of its sales from residential RMI, just under a third from new residential projects and the remainder generally split between non-residential RMI and new non-residential projects, with industrial projects representing a small remainder. In France, the France Exteriors (Larivière) business had approximately half of its sales from the new residential sector, just under a quarter from residential RMI projects, and the remainder split relatively evenly between the non-residential RMI and new non-residential sectors.

The roofing merchanting business operates across 225 trading sites as at 31 December 2019 (including shared sites) and represented 30% of the Group's total underlying revenue in 2019.

5. SUPPLIERS AND SOURCING

The Group manages the procurement of products predominantly through its regional branches, though it also seeks to leverage its Group-wide scale with certain larger suppliers to negotiate more economical prices for certain supplies. Across its network, the Group has supply relationships with over 360 suppliers. The Group's supply strategy involves becoming its suppliers' partner of choice by increasing local engagement with suppliers, delivering value-add solutions and experience to its supply chain, improving routes to market for suppliers' products, and streamlining product portfolio management. The Group aims to support local and regional suppliers by allowing its local branches to foster flexible and reliable supply relationships in its markets. The Group has dedicated category managers responsible for relationships with its various suppliers, and holds regular meetings with certain top suppliers. Moreover, the Group's top 60 suppliers are invited to attend and exhibit at a bi-annual sales event.

The Group's suppliers are primarily manufacturers that develop and produce products that have high brand recognition, are of high quality and utilise leading technology. The Group also sells a small range of own-brand products.

The Group maintains strategic, long-term, relationships with its major suppliers. The Group's criteria for selection of its suppliers include market leadership and scale to both develop and bring to market new products, local technical support resources, and a product range sufficient to supply or potentially supply all of the Group's brands. To increase supply efficiency and minimise transportation costs, the Group also considers product specification and shipping when selecting and negotiating with suppliers. Although the Group does seek to develop long-term relationships with suppliers and will enter into arrangements regarding the terms and conditions of sale and shipping with the Group's major suppliers, the Group does not generally enter into any long-term committed supply agreements with its product suppliers.

The terms on which the Group purchases products from many of its suppliers entitle it to receive a rebate based on the volume of its purchases. The Group recognised supplier rebate income of £245 million from continuing operations in 2019. These rebates effectively reduce the Group's cost of sales for products. Recently, the Group has sought to negotiate with suppliers to net-off the expected value of rebates in order to simplify the accounting for both parties.

Security of supply of products and product quality are monitored, including through contingency plans in certain situations, at a national level for each of the Group's businesses. Supplier financial strength, product quality and service levels are monitored on a continuous basis.

In 2019, the Group's specialist distribution businesses sourced from over 270 suppliers and purchases from the top five specialist distribution suppliers represented 40% of the Group's underlying cost of sales. Also, in 2019, the Group's roofing merchandising businesses sourced from over 90 suppliers and purchases from the top five roofing merchandising suppliers represented 10% of the Group's underlying cost of sales. The Group has a small number of exclusive suppliers but in the majority of cases has alternative suppliers for each product category.

The Group's suppliers deliver products either to the Group's warehouses or to its branches. For some high-volume orders, the Group arranges with suppliers to deliver products directly to customers, either at their premises or to construction sites.

After delivery from suppliers, the Group delivers products to its customers through third-party logistics providers or through its in-house distribution system.

The Group's supply chain platform allows it to enhance customer service, improve efficiency, leverage Group scale, support margin and working capital improvement, whilst mitigating the impact on the environment.

For example, the Group has invested in a new inventory management system in certain of its countries of operations. See paragraph 6.1 ("*Technology enhancements*") below for further details. Going forward the Group intends to further invest in various improvements to its technology landscape, including fully implementing new warehouse and transport management systems, which are expected to introduce a number of operational efficiencies while improving customer service.

The Group's extensive branch network is a key component of the Group's supply chain model, allowing it to utilise local product distribution. As the Group negotiates with its suppliers to deliver products to regional warehouses or the Group's large network of branch locations, the Group's product delivery to customers borne by the Group's own distribution system is primarily local in nature.

6. PROPERTY AND EQUIPMENT

As at 31 December 2019, the Group owned 50 freehold and 437 leasehold properties amongst its total portfolio of 487 properties.

In 2019, the total annual net rent for all leasehold sites of the Group was £60.6 million. Leaseholds are generally subject to periodic rent reviews, lease expiries and renegotiations. During the COVID-19 pandemic, the Group has approached its UK landlords to request that the June rent quarter payment is spread across the subsequent two quarters. In other cases, lease extensions are being offered in return for rent-free periods. The Group's business in Poland has also approached landlords for rent reductions.

The Group has four trading sites with buildings greater than 100,000sqft, including one in London (Valor Park) 134,867sqft (12,529sqm), one in Manchester 141,489sqft (13,144sqm) one in Carlisle 171,038sqft (15,890sqm) and one in Oberhausen 104,410sqft (9,700 sqm).

The size of properties from which SIG trades depends upon the nature of the business unit that operates from the property. For example, SIGE historically operated from smaller premises (up to 25,000sqft) with a small office and warehouse and a relatively large outside yard space and SIGD tended to operate from much larger sites (up to 140,000sqft) with a large warehouse and a relatively small yard area. SIG Ireland has a 6.5 hectare site with approximately 80,000sqft of warehouse and offices. SIG Benelux has a central distribution center in Tilburg, Netherlands and currently plans to build a new warehouse and offices in Waalwijk, Netherlands that is expected to open in the first half of 2021.

The Group has reduced its total number of trading sites (including shared sites) from 661 (including Air Handling) at the beginning of 2017, to 425 (excluding Air Handling) as at 31 December 2019.

The Group's largest country of operation is the UK. The Group's operational head office is located in London Paddington, SIGD's operational head office is in Sheffield and SIGE's operational head office is in St Ives, Cambridgeshire. In each of the other countries of operation there are typically just one or two principal head office locations. A list of the Group's key head office and main distribution centre properties is provided below:

<i>Tenure</i>	<i>Property address</i>
Leasehold	10 Eastbourne Terrace, Paddington, London, W2 6LG, UK
Leasehold	Adsetts House, 16 Europa View, Sheffield, S9 1XH, UK (SIGD head office and SIG Group central services such as HR & IT departments)
Leasehold	5 Harding Way, St. Ives, Cambridge, PE7 4YJ, UK (SIGE head office)
Leasehold	Warnell, Welton, Cumbria, CA5 7HH, UK (Building Solutions)
Leasehold	T1 Twining Road, Manchester, M17 1SH, UK (Main distribution centre for North West of England)
Leasehold	London West, Mathisen Way, Poyle, London, SL3 0HB, UK (Main SIGD distribution centre for London with a large sales team)
Leasehold	Unit 1 Kingpin Industrial Park, Wharfdale Road, Birmingham, B11 2FE, UK
Leasehold	Maybachstrasse, 14, 63456 Hanau-Steinheim, Germany (country head office)
Freehold	36 bis rue Delaâge, BP 40446, 49004 Angers, France (Larivière head office)
Leasehold	40 rue Gabriel Crié, 92249 Malakoff, France (SIG France and LiTT head office)

Leasehold	Ballymount Retail Centre, Ballymount, Dublin 24, D24 ED81, Republic of Ireland (country head office)
Leasehold	Turnpike Road, Ballymount, Dublin 22, D22 P5R7, Republic of Ireland (main country distribution centre)
Leasehold	Bedrijfsweg 15, 5061 JX Oisterwijk, Netherlands (country head office)
Leasehold	Jules Vernestraat 83, 5015 BH Tilburg, Netherlands (main country distribution centre)
Leasehold	Scheepvaartkaai 5, 3500 Hasselt, Belgium (country head office)
Leasehold	ul. Kamińskiego 51, 30-644 Kraków, Poland (country head office)

The Group has a range of fixed assets typical for businesses within its market, including IT equipment, such as mainframe and personal computers and printers, racking, trade counters and tools. A small number of the Group's businesses own motor vehicles, but the Group leases the vast majority of its motor vehicles across its businesses.

Where assets are held under finance leases or hire purchase arrangements, the amounts due to the finance providers are secured against the assets leased. At 31 December 2019, the Group had liabilities under finance leases amounting to £275.6 million (post IFRS 16).

6.1. *Technology enhancements*

The Group has invested in technologies to enhance operational performance and efficiency. The Group has also put in place systems that provide efficiencies for inventory, working capital (including a pricing control system) and transport management, among others. During the COVID-19 pandemic, the Group has used its business continuity planning to allow employees to continue to effectively work remotely. Moreover, before the COVID-19 pandemic, SIG UK increased its remote call centre capabilities in the UK to augment existing capabilities and increase customers' access to representatives of the Group's operating companies.

The Group has sought to invest in market-leading software tools and associated processes to enhance the service levels that it could offer its customer base, to lead the market in this field. In 2019, SIG UK successfully migrated to a cloud hosted and subscription-based Enterprise Resource Planning (**ERP**), Finance and Inventory Management consolidated solution. The initial phase of the Group's technology investment also included spend of £6 million in 2019 and a further £4.2 million year to date in March 2020 on bespoke omni-channel retailing which, early in 2020, the Group decided to pause in favour of an alternative and more generic route enhancing its digital and e-commerce capabilities. Furthermore, the Group spent £1.6 million in 2019 on cyber-related prevention and internal awareness training, with a dedicated Chief Information Security Officer leading the security practice

Due to the importance of timing and locational accuracy in inventory collection at a branch or delivery to a site, the Group has invested in new financial and operational systems including a warehouse management system (**WMS**), which has been successfully introduced in its business in Ireland. The WMS seeks to provide functionality for managing other core processes that take place within the warehouse, such as picking, despatch, returns and taking stock. The Group has begun to implement the WMS in the UK and Germany, and a roll-out of the WMS is expected for many sites in the UK by the end of 2020. The stocking module for this system in the UK was completed in early in 2020, which the Company believes will support sales and operations; demand, response and supply planning; and inventory optimisation. Furthermore, the human resources module in the UK was also completed in 2020, which provides the ability to segregate duties and improves control mechanisms. Germany and France experienced significant delays during the design phase in the implementation of the financial and operational system updates that they began in 2019, resulting in concern over the benefits case before implementation. However, Germany expects to roll-out

improvements in warehouse digitalisation in 2020. Moreover, the Group is also investing in purchasing or developing inventory management systems for France and Poland, with an aim to provide its businesses with greater stock management capabilities and to allow for greater accuracy on availability timelines for its customers.

The introduction in the UK businesses, Germany and Poland of a transport management system is also expected to enhance its customers' trading experience, as well as helping the Group to seek logistical efficiencies. The enhanced electronic point-of-delivery capability of these systems allows the business to keep customers informed of delivery details, along with providing electronic proof of delivery, improving the Group's service offering and customer experience. This system is also intended to provide additional efficiencies such as device enabled vehicle safety checks and automated invoicing to reduce overheads and accelerate the order-to-payment process.

The Group has further invested in Customer Relationship Management (**CRM**) and improvements to its e-commerce capabilities and digital platform. These improvements include an e-commerce platform in Poland where customers purchase goods online directly through the Group's website. During 2019, there was an average of 70,000 monthly visits to the website.

Going forward, the Company intends for these supporting systems and e-commerce capabilities to provide competitive advantages and it intends to continue to selectively invest in further software tools, where appropriate, providing a solid platform upon which the business can build its customer base and grow future profits.

7. HEALTH, SAFETY AND SUSTAINABILITY

7.1. *Health and safety*

The Group operates an integrated health, safety and environmental policy aligned to the ISO 45001 standard. The Group's UK health and safety management system has been accredited to the standard since 2006 and the accreditation is verified externally by Intertek Group plc. This accreditation, as well as the development of the Group's Zero Harm health and safety programme, has enabled the Group to develop operations that are compliant with legislation, industry standards and best practice.

Through the Zero Harm health and safety programme, the Group aims to eliminate accidents from critical hazards including pedestrian and forklift truck interaction, road travel, work at height and contact with machinery. The Group's objectives to achieve this aim are to improve the standard of traffic management in operational areas, to improve the management of the outcomes of incidents and to focus on establishing common Group standards across all operating companies.

The Group also operates a fleet maintenance and inspection programme for commercial vehicles which is managed centrally, while road vehicles and the compliance of each business with fleet procedures are subject to routine audits and inspections. The Group's drivers are assessed for competence and selected through an authorisation and licence check procedure.

In 2019, the Royal Society for the Prevention of Accidents presented the Group with a fifth consecutive gold award for occupational health and safety. The Group achieved the gold standard for the first time in 2015, representing the achievements of its Zero Harm health and safety programme.

In 2019, the number of Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (**RIDDOR**) equivalent accidents and incidents across the Group increased to 13.4 per 1,000 employees, compared to the previous year of 13.1 per 1,000 employees.

7.2. *Sustainability and carbon management*

The Group has held accreditation to the ISO14001 environmental management standard for its UK operations since 2006. The Group's accreditation is externally verified by Intertek Group plc.

The Group maintains a low carbon sustainability policy which aims to minimise the impact of its operations on the environment. This is achieved by minimising carbon emissions through reductions in energy and fuel consumption and by minimising waste and water consumption.

The Group measures and reports on its carbon footprint in accordance with the Streamlined Energy and Carbon Reporting regulations and the relevant accounting process is externally assessed to the ISO 14064—3 standard.

As part of the Group's compliance with the UK Government's statutory Energy Saving Opportunities Scheme, it has benefited from energy efficiency audits conducted at seven of its major locations and transport activities. The energy saving opportunities identified have been considered for the Group's sustainability objectives. As a result of this strategy and the progressive upgrading of the Group's road vehicle fleet, the Group's greenhouse gas emissions have continued to reduce in 2019.

7.2.1. Transport

Emissions from road vehicle fuel consumption comprised 74.7% of the Group's total carbon footprint in 2019 and is the primary metric the Group aims to reduce. Through the introduction of energy efficient vehicles and the continual focus on driver assessment and training, as well as efficient vehicle routing, the Group has continued to achieve annual reductions in emissions. The Group has continued to focus on projects designed to maximise the efficient use of delivery vehicles, consolidate its vehicle fleet and to reduce overall miles travelled by the fleet.

In 2019, the Group reduced its absolute consumption of road vehicle fuel by 11.4% compared to the previous year.

7.2.2. Energy

Carbon emissions from electricity consumption accounted for 11.4% of the Group's Scope 1 and 2 emissions in 2019, and is the Group's second highest priority for carbon management. The Group has focused on energy efficient choices for new and refurbished facilities, including installing movement and daylight sensor LED lighting systems, efficient heating and cooling systems and efficient hand driers. The Group continually audits its energy consumption and works in partnership with external advisers to reduce its environmental impact.

In 2019, the Group reduced its emissions from electricity consumption by 13.0% compared to the previous year.

7.2.3. Greenhouse gas emissions

The Group's carbon footprint includes emissions for which it is directly responsible such as vehicle and heating fuel (referred to as Scope 1 emissions) and emissions by third parties from the generation of electricity (referred to as Scope 2 emissions). The Group also tracks emissions over which the business has limited control, including third party air and rail transportation (referred to as Scope 3 emissions).

In 2019, the Group recorded a decrease of 9.9% in its Scope 1 and 2 emissions compared to the previous year, with its overall carbon footprint for Scope 1, 2 and 3 emissions decreasing by 9.8% in the same period.

7.2.4. Water Consumption

More than 95% of the Group's water consumption is for welfare purposes. Water efficiency is a key element of the specifications the Group requires for new and refurbished properties and facilities and the Group continues to identify significant opportunities for water consumption efficiencies through its branch audit and bill validation process.

The Group has two manufacturing sites, one in the UK and the other in France, that use a minimal amount of water as part of the manufacturing process. Both installations maintain water filtering, recycling and reuse practices to minimise any wastage of potable water.

7.2.5. Waste Management

The Group aims to reduce the amount of waste it generates through its operations and to reduce the amount it sends to landfill. This is achieved in part by reusing or returning used packaging to suppliers and encouraging waste segregation and recycling at each of the Group's locations.

The Group's waste contracts are managed and monitored centrally in each business. Waste bailers and compactors are provided where practicable to maximise waste segregation and recycling opportunities and minimise storage and welfare hazards. Office waste is minimised through the adoption of paperless delivery processes, online activity reports and consolidating printing and photocopying facilities.

The Group is a member of the Valpak compliance scheme and complies with its commitments under the Producer Responsibility Obligations (Packaging Waste) Regulations.

8. CORPORATE RESPONSIBILITY

The Group recognises its corporate responsibilities towards its shareholders, employees, customers and suppliers and is committed to socially responsible business practice. The Group is committed to creating long term sustainable value for its stakeholders, and to achieve this goal it has utilised the United Nation's Sustainable Development Goal framework.

The Group considers policies that include social and environmental issues in its decision-making processes, and is investing in the development and wellbeing of its people and communities. The Company believes this approach supports it in achieving its business goals as well as growing shareholder value.

The Group is a constituent of the FTSE4Good Index of socially responsible companies and is taking measures to continually develop its approach to corporate responsibility, including how it monitors and improves performance reporting.

The Group maintains a code of conduct which sets out its ethical standards including on anti-bribery, anti-corruption, ethical trading and human rights. The Group also maintains policies that promote equality and diversity in the workforce, as well as prohibiting discrimination in any form. A confidential and independent whistle-blower hotline service is available to all of the Group's employees, which is provided by an independent third party with full investigations being carried out on all matters raised.

Furthermore, in 2019, the Company developed a workforce engagement programme, designed to provide a direct communication channel between the Company and employees. To further strengthen engagement with colleagues, the Company also appointed Kate Allum as the designated non-executive Director for workforce engagement with effect from 1 January 2020. In addition, in early 2020 a new culture programme was launched to the business to develop a culture aligned to shared behaviours and encourage openness and transparency. Whilst the impact of COVID-19 temporarily hindered the progression of these programmes, they remain a priority when we resume normal business.

9. INFORMATION TECHNOLOGY

The Group relies on a number of IT systems, including ERP, WMS, CRM, its contact telephony platform, its human resources platform and its payroll, to support its business. Information technology is managed by in-house teams of IT personnel and through its key support partners who together are responsible for the development, support and evolution of IT services. To ensure business continuity, the IT function is spread across various sites and has certain “cloud” based applications as well.

10. INSURANCE

The Group maintains insurance to cover risks associated with the ordinary operation of its business, in particular damage to its properties, injuries to its employees or members of the public, and claims from third parties arising from motor accidents involving its vehicles. It insures its manufacturing facilities and stock against such hazards as fire, explosion, theft, flood, mischief and accidents. All of its policies are underwritten with reputable insurance providers and it conducts periodic reviews of its insurance coverage, in terms of both coverage limits and deductibles. The Company engages advisers to consider the efficiency and appropriateness of current insurance arrangements and consider emerging insurable risks and whether insurance solutions are commercially available at viable premium levels. The Directors believe that the Group’s insurance coverage is reasonably adequate for the risks associated with its operations.

11. LEGAL PROCEEDINGS

Except as disclosed below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during a period covering at least the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

Following the Company’s full year trading update published on 9 January 2020, the Company commissioned PwC to undertake an independent review in light of the disparity between the forecast level of underlying profit before tax for the financial year 2019 set out in the Group’s January 2020 trading update and market consensus of forecast profit before that announcement. The evidence as presented in the PwC Report indicated a number of issues with the 2019 forecasting process, with a principal shortcoming being in the reporting to the Board of information received by the Group from its businesses. Further, the evidence indicated that, in the latter part of the second half of 2019, in particular, underlying forecasts from certain of the Group’s businesses were the subject of material positive overlays at the Group level and, in addition, the attendant risks to those underlying forecasts were both poorly classified and poorly reported at the Group level, with the result that the Board was unsighted as to the overall picture. The PwC Report indicated that the issues identified were not adequately communicated to the Board.

The Company has referred itself to the FCA regarding these circumstances and, since self-referral, has recently provided to the FCA a copy of the PwC Report for its consideration. The FCA has wide-ranging powers to investigate potential breaches of market rules and regulations, including the power to require disclosure of documents and to compel witnesses to be interviewed. The FCA also has wide-ranging powers to impose sanctions in the event it finds an issuer has breached market rules or regulations, including censuring issuers and imposing financial sanctions. There is no certainty whether the FCA will open an investigation into the Company; how long any such investigation would take to conclude; the findings of the FCA and any remedy imposed by the FCA.

PART 11
DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

1.1. Directors

The members of the Board* are:

<i>Name</i>	<i>Position</i>	<i>Age</i>
Andrew Allner	Non-Executive Chairman	66
Steve Francis	Director and Chief Executive Officer	59
Kath Kearney-Croft	Director and Interim Chief Financial Officer	46
Alan Lovell	Senior Independent Non-Executive Director	66
Kate Allum	Independent Non-Executive Director	54
Ian Duncan	Independent Non-Executive Director	59
Gillian Kent	Independent Non-Executive Director	56

Notes:

* In addition, on 29 May 2020, the Company announced two Board appointments, Ian Ashton as permanent Chief Financial Officer and Director and Simon King as a Non-Executive Director, both with effect from 1 July 2020.

The business address of each Director is: 10 Eastbourne Terrace, London W2 6LG, United Kingdom.

Andrew Allner. Andrew was appointed as the Non-Executive Chairman of the Group on 1 November 2017 and is chair of the Nominations Committee. He was formerly chairman of The Go-Ahead Group plc and Marshalls plc and a non-executive director at Northgate plc, AZ Electronic Materials SA and CSR plc. His previous executive roles include group finance director of RHM plc and CEO of Enodis plc. He also held senior executive positions with Dalgety plc, Amersham International plc and Guinness plc. Andrew also serves as chairman at Fox Marble Holdings plc and as chairman at Shepherd Building Group Limited.

Steve Francis. Steve was appointed as a Director and the Chief Executive Officer of the Group on 25 February 2020. He has previously been the chief executive officer of Patisserie Holdings PLC, Tulip Limited and Danwood Group Holdings Limited and a non-executive director of Prestige Nursing + Care. He was the chief financial officer and subsequently managing director of the largest division of Vion (formerly Grampian) Food Group Ltd and chief financial officer and member of the management buy-in team of British Vita plc. He has worked with McKinsey, A.T. Kearney and other global strategy consulting firms and was a founder partner of MNS Partners LLC. He is also a visiting fellow of leadership at Manchester Business School.

Kath Kearney-Croft. Kath was appointed as a Director and interim Chief Financial Officer of the Group on 25 February 2020. Before this she was the group finance director of the Vitec Group plc. She held a number of financial leadership roles at Rexam PLC and was the group finance director before its acquisition by Ball Corporation Inc in July 2016. She has also previously held a number of operational finance roles in the UK and US at The BOC Group plc. Kath is a chartered management accountant and holds an MBA from Alliance Manchester Business School.

Ian Ashton. Ian will be appointed as a Director and Chief Financial Officer of the Group on 1 July 2020. Most recently he served as the group chief financial officer of Low & Bonar plc, until its acquisition by the Freudenberg group. Before that, he was chief financial officer of Labviva LLC, a US-based technology company. Ian worked for much of his career at Smith & Nephew plc, undertaking various financial roles in the UK, the US and Asia. Ian is a qualified chartered accountant and began his career at Ernst & Young LLP.

Alan Lovell. Alan was appointed as a Non-Executive Director and the Senior Independent Director of the Group on 1 August 2018. He is a member of the Audit Committee, the Remuneration Committee and the

Nominations Committee. He has previously been chief executive officer of six companies: Tamar Energy Limited, Infinis plc, Jarvis plc, Dunlop Slazenger Group Ltd, Costain Group plc and Conder Group plc. Alan was also previously chairman of Sepura plc, Flowgroup plc and chair of the Consumer Council for Water. Alan is non-executive chairman of Safestyle UK plc, Interserve Group Limited and Progressive Energy Limited.

Kate Allum. Kate was appointed as a Non-Executive Director of the Group and chair of the Remuneration Committee on 1 July 2019 and is a member of the Audit Committee and the Nominations Committee. Her previous positions include being chief executive of Cedo Limited and of First Milk Limited. Before that, she was head of European supply chain for McDonald's Restaurants Limited. Kate holds non-executive director roles at Republic of Ireland Origin Enterprises plc, Cranswick plc and Stock Spirits Group PLC. She is chair of the Remuneration Committee of both Origin Enterprises plc and Cranswick plc.

Ian Duncan. Ian was appointed as a Non-Executive Director of the Group on 1 January 2017 and the chair of the Audit Committee on 31 March 2017. He is a member of the Remuneration Committee and the Nominations Committee. Having developed a portfolio career since 2010, Ian was previously a non-executive director and chair of the audit committee at WANdisco plc and Fiberweb plc. Ian's last executive role was as group finance director of the Royal Mail Group plc. Ian is senior independent non-executive director and chair of the audit committee of Bodycote plc and a non-executive director and chair of the audit committee of Babcock International plc.

Gillian Kent. Gillian was appointed as a Non-Executive Director of the Group on 1 July 2019 and is a member of the Audit Committee, the Remuneration Committee and the Nominations Committee. She has had a broad executive career including being chief executive of real estate portal Propertyfinder until its acquisition by Zoopla, and 15 years with Microsoft including three years as managing director of MSN UK. Gillian was a non-executive director of Pendragon PLC until April 2019. Gillian holds non-executive director roles at Dignity plc, Mothercare plc, Ascential plc, N AHL Group plc and with three private companies, Portswigger Ltd, KR Group and Howsy Limited (formerly No Agent Technologies Ltd.)

Simon King. Simon will be appointed as a Non-Executive Director of the Group on 1 July 2020. Simon has over 35 years' experience working within international businesses, including in leadership roles. Most recently he served on the Travis Perkins Executive Board and held the position of chief executive officer of Wickes. Before that Simon held various operational roles at Walmart, Savola Group and Tesco.

1.2. Senior Management

The current members of the senior executive management team (the **Senior Management**) with responsibility for day-to-day management of the Company's business are:

<i>Name</i>	<i>Position</i>	<i>Age</i>
Steve Francis	Director and Chief Executive Officer	59
Kath Kearney-Croft	Director and Interim Chief Financial Officer	46
Julien Monteiro	Managing Director, France	46
Marcin Szczygiel	Managing Director, Poland	52
Ronald Hoozemans	Managing Director, Germany/Benelux	53
Kevin Windle	Managing Director, Ireland	50
Philip Johns	Managing Director, UK	57
Clare Taylor	Group Human Resources Director	51
Andrew Watkins	Group General Counsel	45
Kulbinder Dosanjh	Group Company Secretary	47

Julien Monteiro. Julien joined SIG France as Managing Director in November 2018. Before joining SIG, he was the business director and sales director of Nacco Materials Handling Group. He was also the Managing Director of the Brammer Group France. Julien has over twelve years of global experience working

in the specialist industrial distribution industry. He graduated from Université Paul Sabatier, Toulouse in 1995, where he studied physics and chemistry. Julien also attended ICD International Business School from 1996-1998.

Marcin Szczygiel. Marcin joined SIG Poland as Managing Director in 1999. Before joining SIG, he was sales and marketing director for Saint Gobain Isover Poland. Marcin also worked for Higgs and Hill Overseas in construction management. He has over twenty years of experience in the specialist construction distribution industry. Marcin graduated from Politechnika Krakowska im. Tadeusza Kościuszki in 1992 with a degree in civil engineering. He holds an MBA from the EU Business School.

Ronald Hoozemans. Ronald joined SIG in June 2019 when he was appointed Managing Director, Benelux and he has recently been appointed as the MD of both the German and Benelux businesses as they are combined under one leadership team. He previously was a managing director at Mediq Medeco, Mediq Tefa and Nutricia Advanced Nutrition (Danone). Ronald was also operating director at Nutricia. He has over fifteen years of senior experience in leadership across the construction and healthcare industries. Ronald graduated from the University of Amsterdam in 1993, where he studied European studies and economics.

Kevin Windle. Kevin joined SIG Ireland as Finance Director in May 2014 and was appointed Managing Director in June 2019. Previously, he was EMEA Finance Director for Glanbia Performance Nutrition and Finance Director for Grafton Merchanting ROI. Kevin has over twenty years of experience in finance leadership roles in the building merchanting industry. Kevin is a chartered accountant and graduated from University College Dublin in 1991, where he studied accounting.

Philip Johns. Philip joined SIG in 1987. He was Managing Director of SIG UK from 2006-2015. Philip left SIG in 2015 to join MKM Building Supplies as chief executive officer. He returned to SIG in April 2020. He was also the chief commercial officer at IBMG Group. Philip has over thirty years of experience in the construction industry specialising in merchanting and distribution.

Clare Taylor. Clare joined SIG in August 2018 as Group Human Resources Director. Previously, Clare was human resources director at Scapa Group. Clare was also commercial human resources director at Ideal Standard International and held senior human resources roles at Smith & Nephew plc and SSL International plc. She has over twenty years of experience in global human resources leadership roles across manufacturing and distribution industries. Clare graduated from Northumbria University in 1990 with a degree in Psychology, where she later also completed a masters degree in Occupational Psychology in 2002.

Andrew Watkins. Andrew joined SIG in September 2019 as General Counsel. Before joining SIG, Andrew was general counsel at Hyve Group plc and Adapt Services Ltd and general counsel & company secretary at Ebiquity plc. Before moving in-house he was a partner at Trowers & Hamblins LLP. Andrew has over twenty years of experience as a legal counsel across both public and private companies. Andrew graduated from the University of Oxford in 1995, where he studied modern history.

Kulbinder Dosanjh. Kulbinder joined SIG in October 2019 as Company Secretary. Before joining SIG, Kulbinder was group company secretary at Royal Mail and British Airways. She has over twenty years of global experience in business administration across both public and private companies. Kulbinder graduated from De Montfort University Leicester in 1995, where she studied law.

1.3. *Employees*

The table below sets out the Group's employee headcount as at year end in the periods indicated:

	<i>For the year ended 31 December 2019</i>	<i>For the year ended 31 December 2018</i>	<i>For the year ended 31 December 2017</i>
UK.....	2,777 ²	3,369	4,322
Republic of Ireland	284	295	282
Germany	1,218	1,214	1,243
France	1,203 ²	1,825	1,788
Poland	781	787	829
Benelux.....	189	199	200
Total (excluding Air Handling¹)	6,452	7,689	8,664
Air Handling ¹	1,315 ²	571	527
Total (including Air Handling¹).....	7,767	8,260	9,191

Notes:

- (1) The disposal of the Air Handling business completed in January 2020.
- (2) Before 2019, certain employees who worked for the Air Handling business were accounted for under other SIG businesses for administrative purposes. The increase in Air Handling figures in 2019 and the corresponding decrease in the French and UK businesses, is largely due to the reassignment of Air Handling employees who were previously accounted for under the French and UK businesses into the Air Handling business for administrative purposes.

2. CORPORATE GOVERNANCE

2.1. General

The Board is committed to the highest standards of corporate governance. As at the date of this Prospectus, the Board complies with the UK Corporate Governance Code published in July 2018 by the Financial Reporting Council (the **UK Corporate Governance Code**).

The Board comprises seven members, including the Chairman, with two executive directors and five non-executive directors. For the purposes of the UK Corporate Governance Code, the Board considers Kate Allum, Ian Duncan, Gillian Kent and Alan Lovell to be independent in character and independent in judgement and therefore to be independent non-executive directors, notwithstanding Alan Lovell's shareholdings in the Company. Andrew Allner, was considered independent on appointment as Chairman.

The UK Corporate Governance Code provides that at least half the board of directors of a UK public listed company, excluding the Chairman, should comprise non-executive directors whom the board of directors considers to be independent. Having considered the guidelines for independence as set out in the UK Corporate Governance Code and the situation of each Director, the Board has concluded on each Director's independence and considers that the Company complies with the requirements of the UK Corporate Governance Code in this respect.

The UK Corporate Governance Code recommends that the board should appoint one of its independent non-executive directors to be the senior independent director (the **Senior Independent Director**). The Senior Independent Director should be available to shareholders if they have concerns that the normal channels of chairman, chief executive or chief finance officer have failed to resolve or for which such channel of communication is inappropriate. Alan Lovell takes the role of Senior Independent Director on the Board.

2.2. Audit, Remuneration and Nominations Committees

As envisaged by the UK Corporate Governance Code, the Board has established an Audit Committee, a Remuneration Committee and a Nominations Committee.

2.2.1. Audit Committee

The Audit Committee is made up of four members, Ian Duncan (committee chair), Kate Allum, Gillian Kent and Alan Lovell, who are all independent non-executive directors. The UK Corporate Governance Code recommends that the committee should consist of at least three members who should all be independent non-executive directors, and that at least one member should have recent and relevant financial experience, with the committee as a whole having competence relevant to the sector in which the Company operates. The Board is satisfied that the members of the Audit Committee bring a wide range of skills, expertise, experience and competence relevant to the sector in which the Company operates. The Board is also satisfied that Ian Duncan possesses the necessary recent and relevant financial experience, as set out in the UK Corporate Governance Code, to effectively chair the committee.

The Audit Committee normally meets at least three times a year at the appropriate times in the reporting and audit cycle and as requested by the external auditor. The Audit Committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Group's annual and half-year financial statements and accounting policies, internal and external audits and controls (with a specific focus on controls improvements), reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls, risk management, whistle blowing investigation reports and fraud systems in place within the Group and overseeing the relationship with the Company's external auditor, Ernst & Young LLP. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports, remains with the Board.

2.2.2. Remuneration Committee

The Remuneration Committee is made up of five members, Kate Allum (committee chair), Ian Duncan, Gillian Kent and Alan Lovell who are all independent non-executive directors, and Andrew Allner, the Chairman. The UK Corporate Governance Code provides that the chairman of the board of directors may be a member of, but not chair, the committee if he/she was considered independent on appointment as chairman. The Board therefore considers that the Company complies with the requirements of the UK Corporate Governance Code in this respect.

The Remuneration Committee recommends the Company's policy on executive remuneration, determines the levels of remuneration for Executive Directors, the Chairman and other senior executives and prepares an annual remuneration report for approval by the shareholders of the Company at the annual general meeting. The Remuneration Committee normally meets at least three times a year.

2.2.3. Nominations Committee

The Nominations Committee is made up of five members, the Chairman Andrew Allner (committee chair), and Kate Allum, Ian Duncan, Gillian Kent and Alan Lovell who are all independent non-executive directors. The UK Corporate Governance Code provides that a majority of the members of the committee should be independent non-executive directors and that the chairman of the board of directors should not chair the committee when it is dealing with the appointment of his or its successor. The Board therefore considers that the Company complies with the requirements of the UK Corporate Governance Code in this respect.

The Nominations Committee assists the Board in reviewing the structure, size and composition of the Board. It is also responsible for reviewing succession plans for the Directors, including the Chairman and Chief Executive Officer, and oversees the development of a diverse pipeline for succession. The Nominations Committee normally meets at least three times a year.

2.3. *Share dealing and market abuse*

The Company has adopted and applies policies and procedures to comply with the Market Abuse Regulation including a share dealing code on the dealing of securities of the Company by Directors and employees.

PART 12
SELECTED FINANCIAL AND OTHER INFORMATION

The following tables set out the Group's consolidated income statement, consolidated balance sheet, consolidated cash flow statement and certain other financial data as at the dates and for the periods indicated. The selected consolidated income statement, consolidated balance sheet, consolidated cash flow statement have been extracted from, and should be read together with, the Group's audited consolidated financial statements as at and for the years ended 31 December 2019, 31 December 2018 and 31 December 2017. In addition, the selected consolidated financial information below is a summary only. It may not contain all of the information that is important to prospective investors and, accordingly, should be read in conjunction with the information provided in Part 5 ("Presentation of Information"), Part 13 ("Operating and Financial Review") and Part 14 ("Historical Financial Information") of this Prospectus, including the Group's historical financial information incorporated by reference therein. The following tables also include certain non-IFRS financial information for the periods indicated.

1. CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December 2019 ⁽¹⁾		
	Underlying ⁽²⁾	Other items ⁽³⁾	Total
	(£million)		
Revenue	2,084.7	75.9	2,160.6
Cost of sales	(1,545.5)	(56.0)	(1,601.5)
Gross profit	539.2	19.9	559.1
Other operating expenses.....	(499.6)	(147.4)	(647.0)
Operating profit/(loss)	39.6	(127.5)	(87.9)
Finance income	0.5	—	0.5
Finance costs	(24.5)	(0.8)	(25.3)
Profit/(loss) before tax	15.6	(128.3)	(112.7)
Income tax (expense)/credit.....	(15.9)	4.5	(11.4)
Profit/(loss) after tax from continuing operations	(0.3)	(123.8)	(124.1)
Profit/(loss) after tax from discontinued operations ⁽⁴⁾	—	(0.4)	(0.4)
Profit/(loss) after tax	(0.3)	(124.2)	(124.5)
Attributable to:			
Equity holders of the Company	(0.3)	(124.2)	(124.5)
Non-controlling interests	—	—	—
Earnings/(loss) per share:			
Basic and diluted earnings/(loss) per share.....			(21.0)p

Notes:

- (1) The Group has initially applied IFRS 16 "Leases" using the modified retrospective method. Under this method, the comparative information is not restated.
- (2) Represents the Group's results before other items.
- (3) The Group presents items in its consolidated income statement as "other items" where they are significant in size and either do not form part of the Group's trading activities or where their separate presentation is believed to enhance understanding of the financial performance of the Group. These relate to revenue and cost items of businesses that have been disposed of, the amortisation of acquired intangibles, impairment charges, profits and losses on agreed sale or closure of non-core businesses and associated impairment charges, net operating losses attributable to businesses identified as non-core, net restructuring costs, acquisition expenses and contingent consideration, other specific items, unwinding of provision discounting, fair value gains and losses on derivative financial instruments, the taxation effect of other items and the effect of changes in taxation rates. Other items have been disclosed separately in order to give an indication of the underlying results of the Group. See paragraph 4 of Part 12 "Selected Financial and Other Information" for further detail.
- (4) Represents the results of the Group's Air Handling business, the disposal of which completed in January 2020.

For the year ended 31 December 2018

	Underlying⁽¹⁾⁽³⁾	Other items⁽²⁾⁽³⁾	Total⁽³⁾
		<i>(unaudited) (restated) (£million)</i>	
Revenue	2,290.4	141.4	2,431.8
Cost of sales.....	(1,711.8)	(101.4)	(1,813.2)
Gross profit	578.6	40.0	618.6
Other operating expenses.....	(511.7)	(80.7)	(592.4)
Operating profit/(loss)	66.9	(40.7)	26.2
Finance income.....	0.5	—	0.5
Finance costs.....	(15.2)	(1.2)	(16.4)
Profit/(loss) before tax	52.2	(41.9)	10.3
Income tax (expense)/credit.....	(14.4)	8.2	(6.2)
Profit/(loss) after tax from continuing operations	37.8	(33.7)	4.1
Profit/(loss) after tax from discontinued operations.....	—	13.8	13.8
Profit/(loss) after tax	37.8	(19.9)	17.9
 Attributable to:			
Equity holders of the Company.....	37.4	(19.9)	17.5
Non-controlling interests.....	0.4	—	0.4
Earnings/(loss) per share:			
Basic and diluted earnings/(loss) per share.....			3.0p

Notes:

- (1) Represents the Group's results before other items.
- (2) The Group presents items in its consolidated income statement as "other items" where they are significant in size and either do not form part of the Group's trading activities or where their separate presentation is believed to enhance understanding of the financial performance of the Group. These relate to revenue and cost items of businesses that have been disposed of, the amortisation of acquired intangibles, impairment charges, profits and losses on agreed sale or closure of non-core businesses and associated impairment charges, net operating losses attributable to businesses identified as non-core, net restructuring costs, acquisition expenses and contingent consideration, other specific items, unwinding of provision discounting, fair value gains and losses on derivative financial instruments, the taxation effect of other items and the effect of changes in taxation rates. Other items have been disclosed separately in order to give an indication of the underlying results of the Group. See paragraph 4 of Part 12 "Selected Financial and Other Information" for further detail.
- (3) Represents the Group's 2018 consolidated income statement extracted without adjustment from the Group's audited 2019 Financial Statements, which has been restated to present the Air Handling business as a discontinued operation and Building Solutions and WeGo FloorTec as non-core businesses.

For the year ended 31 December 2017

	Underlying⁽¹⁾⁽⁴⁾	Other items⁽²⁾⁽⁴⁾	Total⁽⁴⁾
		<i>(unaudited) (restated)⁽³⁾ (£million)</i>	
Revenue	2,716.4	162.0	2,878.4
Cost of sales.....	(2,004.7)	(121.2)	(2,125.9)
Gross profit	711.7	40.8	752.5
Other operating expenses.....	(626.1)	(162.7)	(788.8)
Operating profits/(loss)	85.6	(121.9)	(36.3)
Finance income.....	0.5	0.1	0.6
Finance costs.....	(16.7)	(2.3)	(19.0)
Profit/(loss) before tax	69.4	(124.1)	(54.7)
Income tax (expense)/credit.....	(17.7)	13.2	(4.5)
Profit/(loss) after tax	51.7	(110.9)	(59.2)
Attributable to:			
Equity holders of the Company.....	50.7	(110.9)	(60.2)
Non-controlling interests.....	1.0	—	1.0
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share.....			(10.2)p

Notes:

- (1) Represents the Group's results before other items.
- (2) The Group presents items in its consolidated income statement as "other items" where they are significant in size and either do not form part of the Group's trading activities or where their separate presentation is believed to enhance understanding of the financial performance of the Group. These relate to revenue and cost items of businesses that have been disposed of, the amortisation of acquired intangibles, impairment charges, profits and losses on agreed sale or closure of non-core businesses and associated impairment charges, net operating losses attributable to businesses identified as non-core, net restructuring costs, acquisition expenses and contingent consideration, other specific items, unwinding of provision discounting, fair value gains and losses on derivative financial instruments, the taxation effect of other items and the effect of changes in taxation rates. Other items have been disclosed separately in order to give an indication of the underlying results of the Group. See paragraph 4 of Part 12 "Selected Financial and Other Information" for further detail.
- (3) The Group has initially applied IFRS 15 "Revenue from contracts with customers" using the modified retrospective method. Under this method, comparative information is not restated. The Group has applied IFRS 9 "Financial Instruments" retrospectively, but without restating comparative information. See the Statement of Significant Accounting Policies in the 2018 Financial Statements for further details. The Group's 2017 results as presented in this Prospectus have been restated as set out in the Statement of Accounting Policies and Note 33 to the 2018 Financial Statements.
- (4) Represents the Group's 2017 consolidated income statement extracted without adjustment from the Group's audited 2018 Financial Statements, which includes the results of the Air Handling, Building Solutions and WeGo FloorTec businesses.

2. CONSOLIDATED BALANCE SHEET

	As at 31 December ⁽¹⁾		
	2019 ⁽²⁾	2018	2017 <i>(unaudited)</i> ⁽³⁾ <i>(restated)</i> ⁽⁴⁾
	<i>(£million)</i>		
Property, plant and equipment	58.6	105.4	118.1
Right-of-use assets	255.2	—	—
Goodwill	159.0	293.9	312.2
Intangible assets	42.3	46.2	57.0
Lease receivable	4.4	—	—
Deferred tax assets	4.4	14.6	13.7
Derivative financial instruments	1.7	1.9	0.1
Deferred consideration	—	0.7	1.4
Non-current assets	525.6	462.7	502.5
Inventories	156.5	207.2	243.5
Lease receivables	0.8	-	-
Trade and other receivables	294.7	477.7	480.4
Contract assets	—	1.8	—
Current tax assets	0.9	5.5	5.2
Derivative financial instruments	0.9	—	1.2
Deferred consideration	—	0.8	0.1
Cash at bank and on hand	110.0	83.3	108.2
Assets classified as held for sale	258.4	1.9	0.3
Current assets	822.2	778.2	838.9
Total assets	1,347.8	1,240.9	1,341.4
Trade and other payables	327.4	428.3	421.5
Contract liabilities	—	1.6	—
Lease liabilities	51.5	3.2	3.2
Bank overdrafts	—	4.5	29.6
Bank loans	99.6	56.5	84.2
Private placement notes	175.5	—	21.1
Loan notes and deferred consideration	—	0.9	17.0
Other financial liabilities	1.5	1.1	8.0
Derivative financial instruments	0.2	0.3	0.2
Current tax liabilities	3.7	4.9	7.2
Provisions	6.7	11.0	12.0
Liabilities directly associated with assets classified as held for sale	115.7	—	0.1
Current liabilities	781.8	512.3	604.1
Lease liabilities	224.1	20.2	20.0
Private placement notes	—	185.6	183.1
Derivative financial instruments	1.9	3.8	3.3
Other financial liabilities	1.4	—	—
Deferred tax liabilities	—	1.4	1.4
Other payables	1.0	5.6	6.9
Retirement benefit obligations	24.8	28.7	30.4
Provisions	18.6	20.4	21.7
Non-current liabilities	271.8	265.7	266.8

	As at 31 December ⁽¹⁾		
	2019 ⁽²⁾	2018	2017 <i>(unaudited)</i> ⁽³⁾ <i>(restated)</i> ⁽⁴⁾
	<i>(£million)</i>		
Total Liabilities	1,053.6	778.0	870.9
Net assets.....	294.2	462.9	470.5
Capital and reserves			
Called up share capital.....	59.2	59.2	59.2
Share premium account	447.3	447.3	447.3
Capital redemption reserve	0.3	0.3	0.3
Share option reserve.....	1.8	1.7	1.3
Hedging and translation reserve	10.2	21.7	19.6
Cost of hedging reserve	0.3	1.0	—
Retained losses.....	(224.9)	(68.3)	(58.1)
Attributable to equity holders of the Company	294.2	462.9	496.6
Non-controlling interests	—	—	0.9
Total equity.....	294.2	462.9	470.5

Notes:

- (1) Includes discontinued operations and non-core businesses for the relevant period.
- (2) The Group has initially applied IFRS 16 “Leases” using the modified retrospective method. Under this method, the comparative information is not restated.
- (3) Represents the Group's consolidated balance sheet as at 31 December 2017 extracted without adjustment from the Group's audited 2018 Financial Statements.
- (4) The Group has initially applied IFRS 15 “Revenue from contracts with customers” using the modified retrospective method. Under this method, comparative information is not restated. The Group has applied IFRS 9 “Financial Instruments” retrospectively, but without restating comparative information. The Group previously accounted for early settlement discounts when paid, however, under IAS 18 “Revenue”, revenue should take into account expected discounts allowed. The consolidated balance sheet has been restated at 1 January 2017 and 31 December 2017, resulting in an increase in retained losses of £1.0 million at each reporting date.

3. CONSOLIDATED CASH FLOW STATEMENT

	For the year ended 31 December ⁽¹⁾		
	2019	2018	2017
		<i>(unaudited)⁽²⁾ (restated)⁽³⁾ (£million)</i>	<i>(unaudited)⁽⁴⁾ (restated)⁽⁵⁾</i>
Net cash flow from operating activities			
Cash generated from operating activities.....	166.0	103.6	93.4
Income tax paid	(10.8)	(14.0)	(18.8)
Net cash generated from operating activities	155.2	89.6	74.6
Cash flows from investing activities			
Finance income received	0.6	1.0	0.5
Purchase of property, plant and equipment and computer software	(34.5)	(22.7)	(19.9)
Proceeds from sale of property, plant and equipment.....	7.6	5.1	34.6
Settlement of amounts payable for previous purchases of businesses	—	(11.2)	(6.9)
Net cash flow arising on the sale of businesses	8.4	35.8	17.6
Net cash (used in)/generated from investing activities	(17.9)	8.0	25.9
Cash flows from financing activities			
Finance costs paid.....	(25.1)	(14.1)	(13.1)
Capital element of finance lease rental payments	(59.9)	(1.5)	(3.5)
Issue of share capital.....	—	—	—
Acquisition of non-controlling interests	(0.9)	(2.5)	—
Repayment of loans/settlement of derivative financial instruments	—	(57.1)	(87.9)
Loans drawn down	42.4	—	8.2
Dividends paid to equity holders of the Company.....	(22.2)	(22.2)	(18.2)
Dividends paid to non-controlling interest	—	(0.3)	(0.9)
Net cash used in financing activities.....	(65.7)	(97.7)	(115.4)
Decrease in cash and cash equivalents in the year	71.6	(0.1)	(14.9)
Cash and cash equivalents at beginning of the year	78.8	78.6	89.0
Effect of foreign exchange rate changes.....	(5.3)	0.3	4.5
Cash and cash equivalents at the end of the year	145.1	78.8	78.6

Notes:

- (1) Includes discontinued operations and non-core businesses for the relevant period.
- (2) Represents the Group's 2018 consolidated cash flow statement extracted without adjustment from the Group's audited 2019 Financial Statements.
- (3) The restatement of the Group's 2018 consolidated cash flow statement relates to the classification of cash flows in relation to the settlement of amounts payable for previous purchases of businesses, with £6.0 million reclassified between the net cash flow from operating activities and cash flows from investing activities.
- (4) Represents the Group's 2017 consolidated cash flow statement extracted without adjustment from the Group's audited 2018 Financial Statements.
- (5) The Group has initially applied IFRS 15 "Revenue from contracts with customers" using the modified retrospective method. Under this method, comparative information is not restated. The Group has applied IFRS 9 "Financial Instruments" retrospectively, but without restating comparative information. See the Statement of Significant Accounting Policies in the 2018 Financial Statements for further details. The Group's 2017 results as presented in this Prospectus have been restated as set out in the Statement of Accounting Policies and Note 33 to the 2018 Financial Statements.

4. OTHER FINANCIAL INFORMATION

4.1. Reconciliation of statutory profit/(loss) before tax to underlying profit/(loss) before tax

The Group presents items in its consolidated income statement as “other items” where they are significant in size and either do not form part of the Group's trading activities or where their separate presentation is believed to enhance understanding of the financial performance of the Group. The Group's significant non-underlying income statement items for the years ended 31 December 2019, 2018 and 2017 are set out in the following table, which has been extracted without adjustment from the Group's audited 2019 Financial Statements and 2018 Financial Statements:

	For the year ended 31 December		
	2019	2018 ⁽¹⁾	2017 ⁽²⁾
		(unaudited) (restated) (£ million)	(unaudited) (restated) ⁽³⁾
Underlying profit before tax	15.6	52.2	69.4
<i>Other items – impact on operating profit:-</i>			
Amortisation of acquired intangible... ..	(6.2)	(6.9)	(9.3)
Impairment charges ⁽⁴⁾	(90.9)	(4.0)	(6.8)
Profit/(losses) on agreed sale or closure of non-core businesses and associated impairment charges.....	0.1	(6.3)	(72.4)
Net operating profits/(losses) attributable to businesses identified as non-core.....	2.0	5.5	(8.0)
Net restructuring costs ⁽⁵⁾	(27.1)	(27.7)	(21.1)
Acquisition expenses and contingent consideration ⁽⁶⁾	—	—	(9.8)
Investment in omnichannel retailing	(5.7)	—	—
Other specific items ⁽⁷⁾	0.3	(1.3)	5.5
Non-underlying finance costs.....	(0.8)	(0.7)	—
Net fair value losses on derivative financial instruments and unwinding of provision discounting	—	(0.5)	(2.2)
Total Other items	(128.3)	(41.9)	(124.1)
Statutory (loss)/profit before tax	(112.7)	10.3	(54.7)

Notes:

- (1) Represents the Group's 2018 consolidated income statement extracted without adjustment from the Group's audited 2019 Financial Statements, which has been restated to present the Air Handling business as a discontinued operation and Building Solutions and WeGo FloorTec as non-core businesses.
- (2) Represents the Group's 2017 consolidated income statement extracted without adjustment from the Group's audited 2018 Financial Statements, which includes the results of the Air Handling, Building Solutions and WeGo FloorTec businesses.
- (3) The Group's 2017 results have been restated as set out in the Statement of Accounting Policies and Note 33 to the 2018 Financial Statements.
- (4) In 2019, impairment charges of £90.9 million principally related to impairment of goodwill and other assets in relation to UK Distribution (£58.2 million) and France Exteriors (Lariviere) (£32.2 million). In 2018, an impairment charge of £2.8 million has been recognised in relation to the Group's former head office, which is no longer occupied, and an impairment charge of £1.2 million was recognised in relation to software and other assets no longer in use due to a change in digital strategy. In 2017, an impairment charge of £6.8 million was recognised in relation to the carrying value of the UK ERP system.
- (5) Net restructuring costs were incurred in connection with the fundamental restructuring of the target operating model of the Group's major operating companies in the UK, Germany and France and include redundancy and related staff costs of £9.5 million in 2019, £11.5 million in 2018 and £3.9 million in 2017, property closure costs of £6.0 million in 2019, £5.5 million in 2018 and £2.8 million in 2017, impairment of non-current assets due to restructuring of £0.6 million in 2018, third party restructuring consultancy costs of £9.6 million in 2019, £10.1 million in 2018 and £2.7 million in 2017 and other costs of £2.0 million in 2019.
- (6) Represents acquisition expenses and contingent consideration incurred in 2017 in relation to the acquisition of HC Groep in 2015.
- (7) The net credit of £0.3 million in 2019 comprises income from the movement in fair value of forward currency option of £0.7 million and other items of £0.2 million offset by £0.6 million costs in relation to the cyber-attack in France. The net costs of £1.3 million in 2018 comprises cost of £1.0 million in relation to guaranteed minimum pensions equalisation and £0.3 million of other costs. The £5.5 million credit in 2017 comprises income of £5.8 million in relation to profit on the sale of non-operational property, partly offset by other costs of £0.3 million.

4.2. Analysis by segment

	For the year ended 31 December		
	2019	2018	2017
	Total Revenue ⁽¹⁾	Total Revenue ⁽¹⁾	Total Revenue ⁽¹⁾
		<i>(unaudited)</i>	
		<i>(£million)</i>	
UK Distribution	534.3	680.1	717.3
France (Litt).....	184.5	175.4	178.2
Germany (Wego/VTi).....	381.5	403.4	420.0
Poland.....	156.1	156.6	142.8
Benelux.....	103.0	108.4	101.7
Ireland & Other.....	94.9	99.9	98.3
Specialist Distribution	1,454.3	1,623.8	1,658.3
UK Exteriors.....	288.2	321.9	333.3
France Exteriors (Larivière).....	342.2	344.7	346.7
Roofing Merchanting	630.4	666.6	680.0
Total.....	2,084.7	2,290.4	2,338.3

Notes:

(1) Represents the Group's revenue on an underlying basis by business line for the periods indicated.

4.3. Reconciliation of the Group's 2017 results

The tables below set forth adjustments to the Group's 2017 unaudited consolidated income statement, extracted from the audited 2018 Financial Statements, to exclude the results of certain businesses that have been disposed of, or are held for sale. These adjustments are unaudited and are included in this Prospectus for purposes of comparability with the Group's 2018 and 2019 results only. See paragraph 2 (“Presentation of Financial Information”) of Part 5 (“Presentation of Information”) of this Prospectus for further detail.

For the year ended 31 December 2017			
	Total⁽¹⁾	Air Handling⁽²⁾	Adjusted
		<i>(unaudited)</i>	
		<i>(£million)</i>	
Revenue	2,878.4	(302.5)	2,575.9
Cost of sales	(2,125.9)	189.5	(1,936.4)
Gross profit	752.5	(113.0)	639.5
Other operating expenses	(788.8)	102.9	(675.9)
Operating profit/(loss)	(36.3)	(10.1)	(46.4)
Finance income	0.6	—	0.6
Finance costs	(19.0)	1.0	(18.0)
Profit/(loss) before tax	(54.7)	(9.1)	(63.8)
Income tax (expense)/credit	(4.5)	4.5	—
Profit/(loss) after tax from continuing operations ...	(59.2)	(4.6)	(63.8)
Profit/(loss) after tax from discontinued operations	—	4.6	4.6
Profit/(loss) after tax	(59.2)	—	(59.2)
Attributable to:			
Equity holders of the Company	(60.2)	—	(60.2)
Non-controlling interests	1.0	—	1.0

Notes:

- (1) Represents the Group's 2017 consolidated income statement extracted without adjustment from the audited 2018 Financial Statements.
- (2) Represents the 2017 results of the Air Handling business, which was disposed of in January 2020 and presented as a discontinued operation in the Group's 2018 and 2019 results.

For the year ended 31 December 2017				
	Underlying⁽¹⁾	Air Handling⁽²⁾	Building Solutions & FloorTec⁽³⁾	Adjusted Underlying
		<i>(unaudited)</i>		
		<i>(£million)</i>		
Revenue	2,716.4	(302.5)	(75.6)	2,338.3
Cost of sales	(2,004.7)	189.5	57.5	(1,757.7)
Gross profit	711.7	(113.0)	(18.1)	580.6
Other operating expenses	(626.1)	91.7 ⁽⁴⁾	13.8	(520.6)
Operating profit/(loss)	85.6	(21.3)	(4.3)	60.0
Finance income	0.5	—	—	0.5
Finance costs	(16.7)	1.0	0.1	(15.6)
Profit/(loss) before tax	69.4	(20.3)	(4.2)	44.9
Income tax (expense)/credit	(17.7)	4.5	0.8	(12.4)
Profit/(loss) after tax from continuing operations	51.7	(15.8)	(3.4)	32.5
Attributable to:				
Equity holders of the Company	50.7	(15.8)	(3.4)	31.5
Non-controlling interests	1.0	—	—	1.0

Notes:

- (1) Represents the Group's 2017 consolidated income statement, on an underlying basis before other items, extracted without adjustment from the audited 2018 Financial Statements.
- (2) Represents the underlying 2017 results of the Air Handling business, which was disposed of in January 2020 and presented as a discontinued operation in the Group's 2019 results.
- (3) Represents the underlying 2017 results of the Building Solutions business and the FloorTec business, which were included within other items in the Group's 2019 results.
- (4) Excludes £11.2 million exceptional expenses, including £9.8 million acquisition expenses and contingent consideration incurred in 2017 in relation to the acquisition of HC Groep in 2015.

5. OTHER NON-IFRS FINANCIAL MEASURES AND APMS

The Group uses a variety of alternative performance measures, which are non-IFRS, to assess the performance of its operations. The Group considers these performance measures to provide useful historical financial information to help investors evaluate the underlying performance of the business. These metrics should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS. Moreover, these metrics may be defined or calculated differently by other companies, and, as a result, they may not be comparable to similar metrics calculated by the Group's peers. See paragraph 4 (“*Certain Non-IFRS Financial Measures and APMS*”) of Part 5 (“*Presentation of Information*”) of this Prospectus for more information, including definitions of these measures.

For further details on these metrics, including reconciliations of each of these metrics to the nearest IFRS results of the Group, see Note 28 and Note 33 of the 2019 Financial Statements and Note 27 and Note 32 of the 2018 Financial Statements.

	For the year ended 31 December		
	2019 <i>(pre-IFRS 16)</i>	2018	2017
Post-tax Return on Capital Employed(%) ⁽¹⁾	6.1%	10.3%	9.3%
Like-for-like sales(%) ⁽²⁾	(7.6)%	(2.1)%	3.5%
Return on sales(%) ⁽³⁾	1.6%	2.8%	2.7%
Net debt(£m) ⁽⁴⁾	£162.8	£189.4	£258.7
Covenant leverage ⁽⁵⁾	2.1x	1.7x	2.3x
Operating costs as a % of revenue	24.0%	22.5%	23.5%
Working capital as a % of revenue	4.8%	8.4%	8.9%

Notes:

- (1) Post-tax return on capital employed is calculated as the ratio of operating profit less taxation divided by average capital employed (calculated as average net assets plus average net debt). See Note 33 to the 2019 Financial Statements for further details.
- (2) Like-for-like sales is calculated as the Group's sales per day on a constant currency basis excluding any acquisitions or disposals completed or agreed in the prior year, or before announcement of the Group's results for the relevant period. Revenue is not adjusted for branch openings and closures. See Note 33 to the 2019 Financial Statements for further details
- (3) Return on sales is calculated as the ratio of underlying operating profit, excluding profits made on properties sold, divided by underlying revenue. See Note 33 to the 2019 Financial Statements for further details
- (4) Net debt is calculated as the aggregate of the following liabilities: obligations under finance lease contracts, bank overdrafts, bank loans, private placement notes, loan notes and deferred consideration, other financial liabilities and derivative financial instruments; less the aggregate of the following assets: cash at bank and on hand, derivative financial instruments and deferred consideration. See Note 28 to the 2019 Financial Statements for further details.
- (5) Covenant leverage is calculated as covenant EBITDA divided by covenant net debt. Covenant EBITDA is calculated as underlying operating profit, plus depreciation before the adoption of IFRS 16, amortisation of computer software, reversal of restatement of net operating losses attributable to businesses identified as non-core and depreciation attributable to businesses identified as non-core. Covenant net debt is calculated as net debt plus other covenant financial indebtedness and foreign exchange adjustments. See Note 33 to the 2019 Financial Statements for further details.
- (6) Operating costs as a % of revenue is calculated as the ratio of underlying operating costs, excluding profits made on properties sold, to underlying revenue.
- (7) Working capital as a % of revenue is calculated as the ratio of underlying working capital to underlying revenue.

PART 13 OPERATING AND FINANCIAL REVIEW

The section that follows should be read in conjunction with Part 5 (“*Presentation of Information*”), Part 10 (“*Business Description*”) and Part 14 (“*Historical Financial Information*”) of this Prospectus. Prospective investors should read the entire document and not only rely on the information set out below. The historical financial information considered in this part is extracted without adjustment from the Group's historical consolidated financial information incorporated by reference into Part 14 (“*Historical Financial Information*”) of this Prospectus, which should be read in full in conjunction with this Prospectus.

In addition to historical information, the following discussion and other parts of this Prospectus contain forward-looking information that involves risks and uncertainties. Accordingly, the results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and the Group's actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth under Part 2 (“*Risk Factors*”) and paragraph 6 (“*Forward-Looking Statement*”) of Part 5 (“*Presentation of Information*”) of this Prospectus.

1. OVERVIEW

The Group is leading supplier of specialist building materials to trade customers across the UK, Ireland and Mainland Europe, with strong positions in its core markets as a specialist distributor of insulation and interiors products and as a merchant of roofing and exteriors products.

The Group plays an important role in the construction industry. For its customers, SIG facilitates one-stop access to an extensive product range, provides expert technical advice, breaks bulk supplies into suitable quantities and coordinates often complex delivery requirements, ensuring that customers are supplied with what they need, when it is needed. For its suppliers, SIG provides a channel through which suppliers can bring their products to a highly fragmented market of smaller customers conveniently and efficiently, extends product guidance and support, and provides fulfilment capability to sites that are of insufficient scale to supply direct. The Group operates in the UK, France and Germany, which collectively represented 83% of the Group's revenue in 2019, as well as in Ireland, Poland and the Benelux area, and is either a market leader or a significant market player across its portfolio. The Group is committed to delivering the highest levels of customer service and, as at 31 December 2019, the Group employed a headcount of 6,452 employees (excluding Air Handling) and operated a network of 425 trading sites.

The Group currently operates two core businesses:

- **Specialist Distribution** (also known as **distribution**): The Group is a leading supplier of insulation products and interiors fit-out products in Europe, supplying customers with a comprehensive range of over 250,000 products via an extensive branch network of 200 sites as at 31 December 2019. The specialist distribution business operates primarily in the UK, France and Germany, which collectively represented 76% of the Group's specialist distribution revenue in 2019, as well as in Ireland, Poland and the Benelux area. The Group is either a market leader or a significant market player in the countries in which it operates, according to management estimates. The specialist distribution business (including SIGD) represented 70% of the Group's total underlying revenue in 2019.
- **Roofing Merchanting** (also known as **exteriors**): The Group is a leading specialist merchant of roofing products in the UK and France, with a branch network of 225 sites as at 31 December 2019. The roofing merchanting business (including SIGE) represented 30% of the Group's total underlying revenue in 2019.

The Group's underlying revenue for 2019 was £2.1 billion and the Group had an underlying profit before tax (post IFRS 16) of £15.6 million in 2019. The Group's underlying profit before tax, including the results

of the Air Handling and Building Solutions businesses which were held for sale, (pre IFRS 16) was £41.9 million for 2019.

2. KEY FACTORS AFFECTING RESULTS OF OPERATIONS

The Group's results from operations have been, and will continue to be, affected by a number of factors, many of which are beyond the Group's control. See also Part 2 ("*Risk Factors*") of this Prospectus. There are several key items that the Group expects will impact its results from operations on a consolidated basis. These items are described below.

2.1. *Implementation of the cost and debt reduction strategy*

In 2017, the Board carried out a detailed review of the Group's strategy and identified a number of significant potential improvements to operational and financial performance, including to refocus the Group on its core businesses of specialist distribution and roofing merchanting across the construction industry and introduce operational efficiencies. Pursuant to these initiatives, the Group sought to realign the Group to more centralised functional structures in each operating company, and thereby increasing operational efficiency, lowering inventory levels and restoring profitability. Price increases were also implemented in an effort to preserve margins. The revised 2017 strategy also prompted the closure or disposal of a number of peripheral, non-core business activities, narrowing the Group's focus while reducing indebtedness. Accordingly, the Group reduced the number of trading sites from 661 (including Air Handling) at the beginning of 2017 to 425 (excluding Air Handling) as at 31 December 2019, as well as reducing its headcount, which decreased by 37.5% from 10,328 employees (including Air Handling) in January 2017, to 6,452 employees (excluding Air Handling) as at 31 December 2019.

The Group's underlying revenue grew from £2,534 million in 2016 to £2,683 million in 2018 (including the results of the Group's Air Handling business). Over the same period underlying profit before tax increased from £67.4 million to £75.3 million (including the results of the Group's Air Handling business). Net debt reduced from £299.2 million at 31 December 2016 to £189.4 million as at 31 December 2018, with covenant leverage reducing from 2.6x to 1.7x over the same period. The reduction in debt was partly achieved through more active working capital management, including the use of non-recourse receivables factoring facilities. The size of the Group's receivables factoring facilities were reduced from £49.7 million as at 31 December 2018 to £35.0 million as at 31 December 2019.

The Group continued to demonstrate an improvement in profitability during the first half of 2019 as less profitable business units and branches were closed or merged. Underlying profit before tax increased from £25.1 million in the first half of 2018 to £30.0 million in the first half of 2019, with return on sales increasing from 2.5% to 2.9% over the same period.

However, this growth in profitability was a short-term gain that masked underlying damage to the Group in certain geographies. In the UK and Germany in particular, the prevailing cost and debt reduction strategy had led to the erosion of key strengths for a fundamentally sales-led organisation, namely customer proximity, service and expertise.

An aggressive branch rationalisation and headcount reduction strategy resulted in weakened customer relationships, while the centralisation of key commercial functions caused a lack of visibility, autonomy and accountability at branch level. The Group reduced the number of trading sites from 661 (including Air Handling) at the beginning of 2017 to 425 as at 31 December 2019.

These factors, alongside others set out in further detail within section 5 of Part 6 ("*Letter from the Chairman of the Company*") of this Prospectus, resulted in talent, customers and ultimately sales moving to competitors, as well as a decline in sales. This decline in sales accelerated during the second half of 2019 in the UK, exacerbated by increasing political and macro-economic uncertainty leading up to the UK General Election, with UK Distribution and UK Exteriors experiencing a like-for-like reduction in sales of 26.1%

and 12.5% respectively relative to the same period in 2018. Over the same period, Germany experienced a like-for-like reduction in sales of 5.0%. Overall, the UK's quarterly average of monthly revenues was almost half in January 2020 of its levels in March 2018 and Germany's quarterly average of monthly revenues was approximately a quarter lower in January 2020 from its levels in March 2018.

The overall reduction in full year 2019 like-for-like Group sales of 7.6% for continuing operations relative to the full year 2018 more than offset the Group's cost reduction initiatives in impacting profitability.

Following the appointment of Steve Francis as Chief Executive Officer and Kath Kearney-Croft as interim Chief Financial Officer in February 2020, the Board conducted an in-depth review of the factors leading to the deterioration in the Group's performance in the second half of 2019.

In order to return SIG to profitable growth, the Board developed a new, customer-centric, strategy that reprioritises sales. See paragraph 3 (“*Strategy*”) of Part 10 (“*Business Description*”) of this Prospectus for further detail.

2.2. *Macroeconomic conditions and the construction sector*

The Group's business is dependent on the overall condition of the construction sector in the Group's countries of operations, particularly the UK, France and Germany, which is significantly impacted by macroeconomic conditions in the UK, Europe as a whole and the global economy. In the last three years, the level of construction activity in the Group's key markets has deteriorated and key indicators continue to point to further weakening in the near term, principally in the UK. Economic conditions have contributed to a decline in spending on residential and non-residential projects in the UK and Europe, and have restricted consumer spending on other aspects of construction activity. These conditions were a contributing factor to the decrease in the Group's like-for-like sales by 2.1% in 2018 compared to the previous year, and by 7.6% in 2019 compared to the previous year.

Additionally, the current distress in global markets as a result of the COVID-19 pandemic and associated governmental responses has resulted in a significant economic downturn in most of the markets in which the Group operates. Due to these governmental measures, construction activity has severely decreased or practically halted during March, April and part of May of 2020 across several countries in which the Group operates, specifically the UK, Ireland and France. See paragraph 2.4 (“*The Group's markets, customers and suppliers are exposed to risks associated with economic downturns, including the current COVID-19 worldwide pandemic*”) of Part 2 (“*Risk Factors*”). Since the outbreak of COVID-19 in the first quarter of 2020, the Group has implemented mitigating measures to protect customers, employees and suppliers and to act within local government guidance. These include actions to manage the Group's cash requirements, such as putting on hold capital-intensive projects, entering negotiations with trade suppliers on netting rebates and agreeing slower payment plans, and with non-trade suppliers on referral and term extension requests, as well as exploring how the Group in each of its jurisdictions can take advantage of governmental support (in the form of loans, deferred payments or grants). The use of government support schemes has enabled the Group to defer approximately £19 million of cash payments in the year through 31 May 2020.

The Group furloughed over 2,000 employees under the UK government's scheme until mid-May by which point the majority of UK sites were reopened, with remaining staff and senior management in the UK and Ireland agreeing to take temporary pay reductions for the month of April, and a 50% temporary pay reduction for Non-Executive Directors from 1 April 2020 to 30 June 2020. In mid-May 2020, the Company re-instated the executive Directors' pay from 50% to 80% at the same time as other Group employees were returning to work on full pay. The pay of executive and Non-Executive Directors is expected to be increased to 100% from 1 July 2020. The furloughing of employees, combined with other wage saving initiatives, has enabled the Group to retain an incremental approximately £8 million of cash in the year through 31 May 2020. Until mid-May, the Group had also temporarily closed the majority its UK and Irish trading sites and select branches of other operating companies in line with local government advice, to protect its people and to

conserve cash. The Group actively managed its levels of inventory across the branch network whilst ensuring it is still able to service its customers.

While it is currently not possible to estimate with certainty the full impact of the pandemic on the Group's results, it is expected to be significant in 2020. It is also expected that the pandemic will impact GDP and construction activity in the countries in which the Group operates, which in turn will impact demand for the Group's products and services. This impact may be prolonged and may extend beyond 2020.

2.3. Operating costs and margin management

The Group's business is characterised by high inventory turnover, and the Group competes with international, national and regional distribution chains, as well as with small local distributors. Distribution groups generally compete on the basis of knowledge and expertise, price, availability of product, range of products, ability to make local deliveries, terms of payment and availability of credit. The number and type of the Group's competitors vary by location, and the Group's competitive position varies according to each market within which it operates. The Group's ability to compete depends, in part, on its ability to increase sales volumes while continuing to offer competitive prices, and efficient inventory and distribution management. The Group's operating results will be significantly impacted to the extent it is required to engage in significant price competition with competitors.

The Group's profit margin is dependent on the extent to which it is able to price its products and services in the markets in which it operates above related costs and expenses. The Group's costs of sales are primarily related to the purchase of inventory from suppliers, and its other operating expenses are primarily related to labour, transportation and property costs. The Group services its customers through a network of branches. Consequently, the Group's operating cost base is largely of a fixed nature, it is difficult for the Group to reduce operating costs in line with a decline in sales. Accordingly, fluctuation in sales can disproportionately affect the profitability of the Group's operations. The Group has sought to reduce its operating cost base by reducing its headcount, closing branches and divesting businesses. The Group reduced the number of trading sites from 661 (including Air Handling) at the beginning of 2017 to 425 (excluding Air Handling) as at 31 December 2019, as well as reducing its headcount, which decreased by 37.5% from 10,328 employees (including Air Handling) in January 2017, to 6,452 employees (excluding Air Handling) as at 31 December 2019. The Group's operating costs as a percentage of revenue decreased from 23.5% in 2017 to 22.5% in 2018 but increased to 24.0% in 2019. Additionally, a significant portion of the Group's expenses relate to labour and property costs. These expenses significantly reduced in 2018 and 2019, notably in the UK, following the Group's cost and debt reduction strategy. However, the Group's expenses may increase in the short to medium term as it transitions to a "franchise-style" operating model under its new strategy (see paragraph 3 ("*Strategy*") of Part 10 ("*Business Description*") of this Prospectus for further detail).

2.4. Disposals

The Group's medium term strategy to simplify the Group's structure and improve operational and financial performance recognised that it had a number of businesses which were peripheral to its core focus. The Group identified a number of these businesses as potential exit candidates either because they had limited fit with the Group's strategy or because their small scale was a distraction to management. In most cases, these businesses were also delivering poor financial performance.

Between 2017 and 2019, the Group exited or closed 19 non-core peripheral businesses that had represented 12% of the Group's revenue and 0.8% of the Group's operating profit in 2016, which generated net proceeds of £8.4 million, £35.8 million and £17.6 million in 2019, 2018 and 2017, respectively. These disposals included:

- SIG Building Systems, a modular offsite construction business in the UK;
- GRM, a manufacturer of phenolic pipe insulation serving the UK's industrial and HVAC markets;

- IBSL, a UK fabricator and supplier of cryogenic and high-temperature insulation solutions used by the petrochemical, power generation and offshore exploration industries;
- VJ Technology, a UK distributor of technical fixings, fasteners and consumables to the infrastructure, commercial and wider construction industry;
- Roofspace, a UK offsite manufacturing business;
- Proteus, a UK-based façade panel systems manufacturing business; and
- WeGo FloorTec, a German manufacturer of raised access flooring.

The Group also closed SIG Cut Solutions, the Group's German insulation conversion business, closed its operations in the Middle East and exited from its commercial drainage business in the UK.

Additionally, in January 2020, the Group completed the sale of its Air Handling business, which reported £323.1 million revenue and underlying operating profit of £19.1 million in 2019, to France Air Management SA for an enterprise value of €222.7 million (£187.0 million) on a cash free, debt free basis which, before transaction costs, yielded a net cash inflow for the Group of £163 million.

In October 2019, the Group also entered into an agreement for the sale of Building Solutions to the Kingspan Group for a consideration of £37.5 million on a cash free, debt free basis. Completion of the disposal was conditional on the satisfaction of certain conditions, including completion of the CMA's clearance process. As announced to the market on 7 April 2020 the disposal was referred to a Phase 2 investigation CMA. However, because the agreement was due to expire on 7 July 2020, whereas the investigation was expected to conclude in October 2020, an extension to the agreement would have been required. Due to prevailing market conditions, the Group and the Kingspan Group were not able to agree commercial terms for an extension, and accordingly terminated the agreement on 21 May 2020. The Group is currently reviewing a number of options regarding the Building Solutions business.

These disposals have resulted in the loss of revenue from the divested businesses. However, they have also led to a reduction in the Group's operating costs and net debt.

Additionally, these disposals affect the comparability of the Group's results across the previous three years. In particular, the Air Handling business accounted for a material portion of the Group's results for 2019, 2018 and 2017. The Group's 2019 consolidated income statement presents the Air Handling business as a discontinued operation and, in order to enhance comparability, the Group's comparative 2018 consolidated income statement in the 2019 Financial Statements has been revised from the information in the 2018 Financial Statements in order to present the Air Handling business as a discontinued operation. The Group's 2017 consolidated income statement presented in this Prospectus, which has been extracted without adjustment from the audited 2018 Financial Statements, however includes the Air Handling business within continuing operations, which affects comparability of the Group's 2017 consolidated income statement with the subsequent years. See paragraph 2 ("*Presentation of Financial Information*") of Part 5 ("*Presentation of Information*") of this Prospectus and the Statement of Accounting Policies and Note 33 to the 2019 Financial Statements for further details. For a reconciliation adjusting the Group's 2017 consolidated income statement to exclude the results of the Air Handling business and certain other businesses for that period, see paragraph 4.3 of Part 12 ("*Selected Financial and Other Information*") of this Prospectus.

2.5. *Seasonality and weather*

The Group's results generally correlate to activity in the construction sector. The construction sector is cyclical, and cycles tend to occur over a period of years and can fluctuate widely as cities, regions and countries experience building booms, often followed by long periods of reduced activity. Similarly, the construction sector is affected by seasonal variations, which may cause the Group's sales to fluctuate widely

from quarter to quarter. Construction activity can be affected by adverse weather conditions, severe frost, heavy storms, torrential rains, floods, wild fires, natural disasters and similar events. Prolonged periods of poor weather, particularly during peak construction periods, can lead to a decrease in demand for the Group's products and services. Due to the effects on demand of weather, the Group's revenues are generally higher during the late spring and early summer months and tend to dip during the month of August and the winter months. Consequently, the Group's revenue and operating profit are typically lowest in the first quarter of the year.

Despite the Group experiencing reduced levels of demand as a result of the summer holidays and vacation periods as construction activity temporarily ceases in certain of its markets, revenue and operating profit are typically highest during the end of the third quarter and beginning of the fourth, reflecting increased demand from the construction sector as it seeks to complete projects before year-end.

2.6. Translational effect of currency exchange rates

The Group operates in the UK, Ireland, France, Germany, Poland and the Benelux area. As a result of its multi-national operations, foreign currency fluctuations affect the Group's operational results. The Group records its financial results in Sterling, but receives revenues and incurs costs in other currencies, including Euro and Polish Zloty. As a result, these non-Sterling assets, liabilities, revenues and costs are translated into Sterling at applicable exchange rates for purposes of preparing the Group's accounts and financial statements. Changes in the value of Sterling, as compared to the Euro or Zloty could result in translational gains or losses in the Group's net result in a given period as compared to prior operating periods, as when the value of Sterling strengthens compared to the Euro or Zloty in a given period, the Group realises translational losses on the Group's Euro or Zloty results for the period and vice versa.

In 2019, 61% of the Group's continuing revenues were denominated in currencies other than Sterling. Euro and Zloty in particular. The following table shows the effect of translation gains and losses of the Group's Euro and Zloty results on revenue and operating profit as reported in Sterling based on annual average exchange rates for EUR:GBP and PLN:GBP compared to the annual average exchange rates for EUR:GBP and PLN:GBP for the prior year period for the periods indicated:

	Year ended 31 December (unaudited)		
	2019	2018	2017
	(£ million)		
Effect of foreign currency translation			
EUR			
Revenue	(15.7)	13.9	89.1
Operating profit/(loss).....	(0.5)	0.5	3.9
PLN			
Revenue	(3.1)	1.0	12.5
Operating profit/(loss).....	(0.1)	0.0	0.1

The Group has limited exposure to transactional currency exchange fluctuations. While a substantial portion of the Group revenue is generated in France, Germany, Poland and the Benelux region, its exposure to currency exchange fluctuation risk is limited due to the fact that its local operating companies largely generate revenue and incur costs, including financing costs, in their local currencies.

In relation to the Notes, the Group has limited exposure to currency exchange rate fluctuations between Sterling, Euros and U.S. dollars on the retranslation of its Euro and U.S. dollar interest charges in connection with the Notes and therefore uses derivative financial instruments including cross currency interest rate swaps to hedge the associated interest rate risks. The Group also maintains a small number of currency swaps to hedge associated exposure on certain intra-group loans.

3. RESULTS OF OPERATIONS

3.1. Description of Line Items

3.1.1. Revenue

The Group's revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods or services provided in the normal course of business, net of customer rebates and discounts allowed. Revenue also excludes VAT and other sales related taxes.

Underlying revenue excludes businesses considered non-core, discontinued or held for sale in the prior year, or before announcement of the Group's results for the relevant period. See Part 12 (“*Selected Financial and Other Information*”) of this Prospectus for further detail.

3.1.2. Cost of sales

The Group's cost of sales is the cost of goods and services supplied, including manufacturing and fabricating costs where appropriate. For contracting and manufacturing businesses this includes direct labour costs of employees working on a particular contract or manufacturing process. Supplier rebates and discounts received are included, reducing the Group's cost of sales in the period they are earned. Cost of sales is adjusted to include movements in slow moving stock provision, damaged/scrapped stock, stock take variances and supplier price variances.

3.1.3. Other operating expenses

The Group's other operating expenses consists primarily of salary and associated costs for management, finance, human resources, information technology, property, fleet and supply chain, credit control and bad debt expenses. It also includes impairment of tangible and intangible assets as well as all depreciation and amortisation costs. External professional fees are also included in other operating expenses and include insurance, legal, pension, healthcare and audit fees.

3.1.4. Finance income/costs

The Group's net finance costs comprise interest payable on borrowings, and receivable on bank deposits, calculated using the effective interest rate method, interest expenses under lease contracts and net interest in respect of defined benefit pension assets and liabilities, and gains and losses on hedging instruments that are recognised in the income statement.

3.1.5. Profit/(loss) before tax

The Group's profit/(loss) before tax is revenue, less cost of sales, other operating expenses and finance costs plus finance income.

Underlying profit/(loss) before tax excludes the impact of any disposals in the prior year, or before announcement of the Group's results for the relevant period. See Part 12 (“*Selected Financial and other Information*”) of this Prospectus for further detail.

3.1.6. Income tax (expense)/credit

Income tax on the Group's profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method,

providing for timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

These timing differences are not provided for: goodwill not deductible for taxation purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the timing difference and it is probable that the timing difference will not reverse in the future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.2. Results of Operations for the year ended 31 December 2019 compared to the year ended 31 December 2018

The Group's audited 2019 results and unaudited 2018 results discussed in this section have been extracted without adjustment from the audited 2019 Financial Statements. See paragraph 2 (“*Presentation of Financial Information*”) of Part 5 (“*Presentation of Information*”) of this Prospectus for further detail.

3.2.1. Revenue

Revenue decreased by £271.2 million, or 11.2%, to £2,160.6 million in the year ended 31 December 2019 from £2,431.8 million in the year ended 31 December 2018. Of this decrease, £65.5 million related to businesses identified as non-core which contributed £75.9 million in revenue in 2019, compared to £141.4 million in revenue in 2018. Additionally, £18.8 million of the decrease related to unfavorable effects of foreign currency translation compared to the previous year.

The remaining decrease in revenue in 2019 compared to 2018 was primarily driven by the loss of market share following the Group's decision to increase prices in the UK, in an increasingly price sensitive market, coupled with poor execution of transformation initiatives, which the Company believes disconnected the business from its customers, suppliers and its front-line colleagues. This contributed to lost proximity to customers and a loss of sales focus, particularly in the Group's UK Distribution, UK Exteriors and German businesses. As a result, like-for-like sales decreased by 21.1% for the UK Distribution business, 10.1% for the UK Exteriors business and 2.5% for the German business in 2019, compared to the previous year. The decline in revenues was partially offset by the Group's LiTT business in France and in Poland, where like-for-like sales in 2019 increased by 7.1% and 2.1%, respectively, compared to the previous year.

3.2.2. Cost of sales

Cost of sales decreased by £211.7 million, or 11.7%, to £1,601.5 million in the year ended 31 December 2019 from £1,813.2 million in the year ended 31 December 2018. Of this decrease, £45.4 million was attributable to businesses identified as non-core which accounted for £56.0 million in cost of sales in 2019, compared to £101.4 million in cost of sales in 2018. Additionally, £14.1 million of the decrease related to favorable effects of foreign currency translation compared to the previous year. The remaining decrease in cost of sales in 2019 compared to 2018 was primarily driven by the reduction in trading volumes experienced by the Group's UK Distribution, UK Exteriors and German businesses.

3.2.3. Gross profit

Gross profit decreased by £59.5 million, or 9.6%, to £559.1 million in the year ended 31 December 2019 from £618.6 million in the year ended 31 December 2018. Of this decrease, £20.1 million related to

businesses identified as non-core which contributed £19.9 million in gross profit in 2019, compared to £40.0 million in gross profit in 2018.

The remaining decrease in gross profit in 2019 compared to 2018 was primarily driven by the decrease in revenue during the year. The decrease in gross profit was partially offset by gross profit margin improvements arising principally from price increases across various product ranges and enhanced system controls around price ranges, particularly those at branch level, across a number of the Group's businesses. The Group's UK Distribution business recorded a 150 basis point improvement in gross profit margin to 26.2% and the Group's German business recorded an 80 basis point improvement in gross profit margin to 27.7% in 2019 compared to the previous year.

3.2.4. Other operating expenses

Other operating expenses increased by £54.6 million, or 9.2%, to £647.0 million in the year ended 31 December 2019 from £592.4 million in the year ended 31 December 2018. £147.4 million in other operating expenses in 2019 was attributable to businesses identified as non-core which accounted for £80.7 million in other operating expenses in 2018. The Group's other operating expenses were reduced by £6.1 million in 2019 as a result of the impact of IFRS 16 "Leases", which was adopted for the first time in the year ended 31 December 2019.

The increase was primarily attributable to impairment charges of £90.9 million recognised in 2019 principally relating to impairment of goodwill and other assets in relation to UK Distribution (£58.2 million) and France Exteriors (Lariviere) (£32.2 million). The increase was partially offset by the Group continuing to reduce its operating base following on from structural changes made in 2018, particularly in the Group's UK Distribution and UK Exteriors businesses. The Group's German business realised cost efficiencies during the year from a lower branch volume and a rationalisation of its inventory procurement and sales teams. The Group also further reduced its employee headcount during the year and the number of trading sites was reduced from 538 in 2018 to 425 in 2019. See paragraph 2.3 ("*Operating costs and margin management*") above for further detail.

3.2.5. Operating profit/(loss)

Operating profit decreased by £114.1 million to an operating loss of £87.9 million in the year ended 31 December 2019 from an operating profit of £26.2 million in the year ended 31 December 2018. The Group's underlying operating profit decreased by £27.3 million to £39.6 million in the year ended 31 December 2019 from £66.9 million in the year ended 31 December 2018. This was primarily driven by the loss of market share following the decision to increase prices in the UK, coupled with poor execution of transformation initiatives, which the Company believes disconnected the business from its customers, suppliers and its front-line colleagues, resulting in lost proximity to customers and a loss of sales focus. The decrease was partially offset by gross profit margin improvements and cost efficiencies realised in the Group's businesses. See paragraph 2.3 ("*Operating costs and margin management*") above for further detail.

3.2.6. Finance income

Finance income remained stable at £0.5 million in the years ended 31 December 2019 and 2018. The Group's finance income consisted of interest on cash balances held on deposit during the two financial years.

3.2.7. Finance costs

Finance costs increased by £8.9 million, or 54.3%, to £25.3 million in the year ended 31 December 2019 from £16.4 million in the year ended 31 December 2018. This increase was due to an £11.1 million increase in finance costs on obligations under lease contracts arising due to the adoption of IFRS 16 "Leases" for the first time in the year ended 31 December 2019, partially offset by savings derived from a lower average level of net debt (pre IFRS 16) in 2019 of £233.6 million compared to £270.5 million in 2018. The Group's

net debt (pre IFRS 16) as at 31 December 2019 was £26.6 million lower than as at 31 December 2018. The decrease in net debt was principally as a result of cash flow generated from operating activities, including reductions in the level of working capital, and cash flow generated from the sale of businesses, offset by capital expenditures, the capital element of finance lease payments and dividends.

3.2.8. Profit/(loss) before tax

Profit before tax decreased by £123.0 million to a loss before tax of £112.7 million in the year ended 31 December 2019 from a profit before tax of £10.3 million in the year ended 31 December 2018. Of the decrease, £6.6 million related to the adoption of IFRS 16 “Leases” for the first time in the year ended 31 December 2019. The decrease in the year was primarily due to impairment charges of £90.9 million recognised in 2019 principally relating to impairment of goodwill and other assets in relation to UK Distribution (£58.2 million) and France Exteriors (Lariviere) (£32.2 million), as well as a £36.6 million decrease in underlying operating profit to £15.6 million in the year ended 31 December 2019 from £52.2 million in the year ended 31 December 2018 driven by a reduction in sales volumes, partially offset by margin improvements and cost efficiencies as discussed above.

3.2.9. Income tax (expense)/credit

Income tax expense increased by £5.2 million to £11.4 million in the year ended 31 December 2019 from £6.2 million in the year ended 31 December 2018. This was primarily driven by an increase in the income tax charged in respect of the Group's German, France Distributions (LiTT) and France Exteriors (Lariviere) businesses for the year ended 31 December 2019 and prior periods. In addition, the expense in respect of deferred tax increased by £1.7 million in 2019 compared to the previous year.

3.2.10. Profit/(loss) after tax

Profit after tax decreased by £142.4 million to a loss after tax of £124.5 million in the year ended 31 December 2019 from a profit after tax of £17.9 million in the year ended 31 December 2018. Of this decrease, £14.2 million related to the Group's Air Handling business, which incurred a loss after tax from discontinued operations of £0.4 million in 2019, compared to a £13.8 million profit after tax in 2018. The remaining decrease in profit after tax in 2019 compared to 2018 was as a result of the factors discussed above.

3.3. Results of Operations for the year ended 31 December 2018 compared to the year ended 31 December 2017

The Group's results discussed in this section are unaudited and have been extracted without adjustment from the audited 2019 Financial Statements, in the case of the 2018 results, and the audited 2018 Financial Statements, in the case of the 2017 results. The Group's results for the year ended 31 December 2017 include the results of the Group's Air Handling business, the disposal of which was announced in October 2019 and completed in January 2020, and certain other businesses that have been disposed of, or are held for sale. For the purposes of this section, 2017 results referred to as “adjusted” below exclude the results of the Air Handling business and certain other businesses. These “adjusted” results are unaudited and have been presented for purposes of comparability with the Group's 2018 and 2019 results only. For a reconciliation of the Group's adjusted 2017 results to its 2017 results extracted without adjustment from the audited 2018 Financial Statements, see paragraph 4.3 (“*Reconciliation of the Group's 2017 results*”) of Part 12 (“*Selected Financial and Other Information*”) of this Prospectus. See paragraph 2 (“*Presentation of Financial Information*”) of Part 5 (“*Presentation of Information*”) of this Prospectus for further detail.

3.3.1. Revenue

Revenue decreased by £446.6 million, or 15.5%, to £2,431.8 million in the year ended 31 December 2018 from £2,878.4 million in the year ended 31 December 2017. On an adjusted basis for 2017, Revenue

decreased by £144.1 million, or 5.6%, to £2,431.8 million in the year ended 31 December 2018 from £2,575.9 million in the year ended 31 December 2017. Of revenue in 2017, £99.9 million was attributable to businesses identified as non-core in the year ended 31 December 2017 and included in other items in the Group's 2017 results only.

The decrease in 2018 compared to 2017 was principally driven by the Group's UK Distribution business, where like-for-like sales decreased by 5.8% in 2018 compared to the previous year, and the Group's UK Exteriors business, where like-for-like sales decreased by 6.6% in 2018 compared to the previous year. This decrease in like-for-like sales was primarily the result of actions taken by the Group to reduce the businesses' exposure to low margin and unprofitable customers, with the focus being on profitability over volume. In addition, the UK Distribution business implemented list price rises across a broad range of products from mid-2018 which, whilst improving margins, had a negative impact on sales volumes. This decline in UK revenues was partially offset by the Group's other distribution businesses which improved during 2018 compared to the previous year, with like-for-like sales increasing by 3%.

3.3.2. Cost of sales

Cost of sales decreased by £312.7 million, or 14.7%, to £1,813.2 million in the year ended 31 December 2018 from £2,125.9 million in the year ended 31 December 2017. On an adjusted basis for 2017, cost of sales decreased by £123.2 million, or 6.4%, to £1,813.2 million in the year ended 31 December 2018 from £1,936.4 million in the year ended 31 December 2017. Of cost of sales in 2017, £83.9 million was attributable to businesses identified as non-core in the year ended 31 December 2017 and included in other items in the Group's 2017 results only.

The decrease in 2018 compared to 2017 was primarily driven by the reduction in trading volumes experienced by the Group's UK Distribution and UK Exteriors businesses.

3.3.3. Gross profit

Gross profit decreased by £133.9 million, or 17.8%, to £618.6 million in the year ended 31 December 2018 from £752.5 million in the year ended 31 December 2017. On an adjusted basis for 2017, gross profit decreased by £20.9 million, or 3.3%, to £618.6 million in the year ended 31 December 2018 from £639.5 million in the year ended 31 December 2017. Of gross profit in 2017, £16.0 million was attributable to businesses identified as non-core in the year ended 31 December 2017 and included in other items in the Group's 2017 results only.

The decrease was primarily driven by the fall in sales volumes in 2018 compared to the previous year. Despite this decrease, the Group's gross profit margin improved by 60 basis points primarily as a result of actions taken by the Group's UK Distribution business from the middle of 2018 to improve profitability, including list price rises across a broad range of its products, resulting in a 200 basis point improvement in gross profit margin for the UK Distribution business in 2018 compared to the previous year.

3.3.4. Other operating expenses

Other operating expenses decreased by £196.4 million, or 24.9%, to £592.4 million in the year ended 31 December 2018 from £788.8 million in the year ended 31 December 2017. On an adjusted basis for 2017, other operating expenses decreased by £83.5 million, or 12.4%, to £592.4 million in the year ended 31 December 2018 from £675.9 million in the year ended 31 December 2017. Of other operating expenses in 2017, £30.3 million were attributable to businesses identified as non-core in the year ended 31 December 2017 and included in other items in the Group's 2017 results only. Additionally, the Group's other operating expenses reflected losses on sales of non-core businesses of £6.7 million in the year ended 31 December 2018 and £72.4 million in the year ended 31 December 2017.

The decrease was primarily as a result of steps taken by the Group to reduce costs, principally in the Group's UK Distribution and UK Exteriors businesses, including reductions in back office and administrative costs, changes in operating model and a rationalisation of branch networks and fleet volumes. Additionally, the Group's employee headcount was reduced significantly during 2018 and the number of trading sites was also reduced from 585 to 538. See paragraph 2.3 ("*Operating costs and margin management*") above for further detail.

3.3.5. *Operating profit/(loss)*

Operating profit increased by £62.5 million, to £26.2 million in the year ended 31 December 2018 compared to a loss of £36.3 million in the year ended 31 December 2017. On an adjusted basis for 2017, operating profit increased by £72.6 million to £26.2 million in the year ended 31 December 2018 compared to a loss of £46.4 million in the year ended 31 December 2017. Businesses identified as non-core in the year ended 31 December 2017 and reflected only in the Group's 2017 results contributed operating losses of £14.3 million in the year. Additionally, the Group's operating profit reflected operating losses on sales of non-core businesses of £6.7 million in the year ended 31 December 2018 and £72.4 million in the year ended 31 December 2017.

Underlying operating profit decreased by £18.7 million, or 21.8%, to £66.9 million in the year ended 31 December 2018 from £85.6 million in the year ended 31 December 2017. On an adjusted basis for 2017, underlying operating profit increased by £6.9 million to £66.9 million in the year ended 31 December 2018 compared to £60.0 million in the year ended 31 December 2017. This increase was primarily driven by the Group's introduction of list price rises across a broad range of products in the UK Distribution business in mid-2018, as well as steps taken by the Group to reduce its costs, principally in the UK Distribution and UK Exteriors businesses. This improved profitability is reflected in an operating margin improvement of 250 basis points in the UK Distribution business in 2018 compared to the previous year. See paragraph 2.3 "*Operating costs and margin management*" above for further detail.

3.3.6. *Finance income*

Finance income remained stable at £0.6 million in the year ended 31 December 2018 compared to £0.6 million in the year ended 31 December 2017. The Group's finance income consisted of interest on cash balances held on deposit during the two financial years.

3.3.7. *Finance costs*

Finance costs decreased by £2.6 million, or 13.7%, to £16.4 million in the year ended 31 December 2018 from £19.0 million in the year ended 31 December 2017. On an adjusted basis for 2017, finance costs decreased by £1.6 million, or 8.9%, to £16.4 million in the year ended 31 December 2018 from £18.0 million in the year ended 31 December 2017. This decrease was primarily attributable to a reduction in the Group's interest expenses as a result of a £69.3 million reduction in the Group's net debt to £189.4 million as at 31 December 2018, compared to £258.7 million as at 31 December 2017. The decrease in net debt was principally as a result of cash flow generated from operating activities, including reductions in the level of working capital, and cash flow generated from the sale of businesses, offset by lower proceeds from the sale of property, plant and equipment, in 2018 compared to 2017.

3.3.8. *Profit/(loss) before tax*

Profit before tax increased by £65.0 million to £10.3 million in the year ended 31 December 2018 from a loss of £54.7 million in the year ended 31 December 2017. On an adjusted basis for 2017, profit before tax increased by £74.1 million to £10.3 million in the year ended 31 December 2018 from a loss of £63.8 million in the year ended 31 December 2017. Businesses identified as non-core in the year ended 31 December 2017 and reflected only in the Group's 2017 results contributed losses before tax of £14.3 million in the year. Additionally, the Group's profit before tax reflected losses on sales of non-core businesses of £6.7 million

in the year ended 31 December 2018 and £72.4 million in the year ended 31 December 2017. The increase was primarily driven by the Group's focus on profitability over volume during the year, as well as steps taken to reduce the Group's costs and a reduction in finance costs compared to 2017.

3.3.9. Income tax (expense)/credit

Income tax expense increased by £1.7 million, or 37.8%, to £6.2 million in the year ended 31 December 2018 from £4.5 million in the year ended 31 December 2017. On an adjusted basis for 2017, income tax expense increased to £6.2 million in the year ended 31 December 2018 from nil in the year ended 31 December 2017. The Group's £6.2 million tax expense in 2018 was as a result of the improvement in profit before tax in 2018 compared to the previous year.

3.3.10. Profit/(loss) after tax

Profit after tax increased by £77.1 million to £17.9 million in the year ended 31 December 2018 from a loss of £59.2 million in the year ended 31 December 2017. The increase in profit after tax in 2018 compared to 2017 was as a result of the factors discussed above.

4. LIQUIDITY AND CAPITAL RESOURCES

The Capital Raise is expected to raise £165 million in gross proceeds, which will be used to improve liquidity, provide further resilience against the effects of the ongoing COVID-19 pandemic on the Group's business, deliver the Company's new strategy, repay approximately £48 million of outstanding principal in respect of the Notes, and fund the unwind of various forms of government relief made available to mitigate the effects of the COVID-19 pandemic.

The Group generates cash from its operations which it uses to finance its debt obligations, pay corporate tax, service its dividend requirements and cover contractual commitments. As at 26 March 2020, the Group reported that it had cash resources of £135 million, following receipt of the sale proceeds of the Air Handling business. As at 11 June 2020 the Group had cash resources of £181.7 million, compared to £155.3 million as at 30 April 2020, and a net debt position, pre-IFRS 16, of £85.4 million, compared to £114.1 million as at 30 April 2020.

The cash control measures enacted by the Group (for example, increasing creditor days) and reduction in trading revenues for the year to May 2020 (reducing the amount of cash tied up as working capital) have resulted in a net working capital cash benefit. The unwind of these cash conservation measures, as well as the expected growth in sales as the Group returns to growth, will also require more working capital in the business, compared to its average historic levels, both to improve the service to customers and to support the Group's sales growth. This increase in working capital requirement will be funded from the Group's available resources at the time.

4.1. *Revolving Credit Facility and Private Placement Notes*

As at 31 December 2019, the Group had in place a £233.3 million RCF and £175.5 million Notes outstanding. See paragraph 12 ("*Material Contracts*") of Part 15 ("*Additional Information*") of this Prospectus for further detail.

4.2. *Asset-Backed Pension Funding Arrangement*

Following the triennial valuation of the Group's defined benefits UK Scheme, which was conducted at 31 December 2016 and concluded in the first quarter of 2018, the Group agreed with the scheme trustees to address the identified technical provisions deficit in the scheme of £45.2 million, using the Asset-Backed Funding Arrangement. Under that arrangement, the Group issued a loan note with a face value of approximately £32 million to a Scottish limited partnership in which the scheme trustees have an interest.

Under the terms of the loan note, the Group is required to pay £2.5 million per annum until March 2038, which payments are distributed to the scheme trustees when paid, for the benefit of the members of the UK Scheme. The Group has provided security in respect of its obligations under the loan note by way of a floating charge over a pool of trade receivables generated by the Group's UK businesses, and cash, providing the pension trustees with the right to enforce such security and seize the receivables and cash upon the occurrence of an event of default under the loan note instrument. The Group is required to maintain trade receivables in the security pool with a value that must exceed 118.8% of the remaining principal amount of the loan note at all times. If the value of the trade receivables in the security pool falls below this minimum threshold, the Group is required to either identify additional trade receivables which can be added to the security pool or top up the security pool with cash.

During the COVID-19 pandemic, as a result of the Group's UK businesses being largely closed for trading due to the COVID-19 lockdown for several months, the availability of new trade receivables generated by the Group's UK businesses to be contributed to the Asset-Backed Pension Funding Arrangement significantly declined and as a result the Group has been required to maintain a certain balance of cash in a security account, in lieu of trade receivables. The required cash balance from March 2020 to May 2020 has at various times ranged from nil to approximately £12 million due to the changing levels of trade receivables throughout the period, and over the long term, the Group may be required to contribute additional cash if the level of trade receivables generated by the Group's UK businesses declines and if the Group was unable to identify additional customers whose receivables could be added to the pool. See paragraph 2.10 ("*The Group operates a number of funded and unfunded defined benefit pension schemes and schemes with related obligations in certain of its operating jurisdictions*") of Part 2 ("*Risk Factors*") of this Prospectus for further detail.

4.3. Factoring Facilities

Since 2017, the Group entered a number of recourse and non-recourse receivables factoring facilities with banks and financial institutions to improve its working capital position by monetising a portion of its trade receivables. As at 31 December 2019, the value of the Group's receivables factoring facilities was reduced to £35.0 million, compared to £49.7 million as at 31 December 2018.

The Group currently has in place two factoring facilities. The larger of the two schemes is exclusively for the use of the Group's distribution business in France, LiTT, and is non-recourse. Under this facility, LiTT receives from its factoring counterparty up to 85% of the face value of eligible factored receivables, subject to those receivables being covered by third party credit insurance. In exchange for the discount, the credit risk of payment default by the business's customers passes to the factoring counterparty. As at 31 March 2020 the trade receivables factored under this arrangement amounted to €24.6m (approximately £21.4 million), against a total available facility of €40.0 million (approximately £34.8 million).

The second facility is utilised by the Group's business in Poland and is on a recourse basis. Under this facility, the business receives 100% of the eligible trade receivables from the factoring counterparty and is not required to insure those receivables with a third party. However, the business is required to reimburse the factoring counterparty in full for any receivable not settled by its due date. The receivables factoring facility in Poland totals PLN 2.0 million (approximately £0.4 million).

5. CASH FLOWS

The Group's audited 2019 results and unaudited 2018 results discussed in this section have been extracted without adjustment from the audited 2019 Financial Statements. The Group's unaudited 2017 results discussed in this section have been extracted without adjustment from the audited 2018 Financial Statements. See paragraph 2 ("*Presentation of Financial Information*") of Part 5 ("*Presentation of Information*") of this Prospectus for further detail.

5.1. Cash flows for the years ended 31 December 2019, 31 December 2018 and 31 December 2017

5.1.1. Net cash flow from operating activities

For the year ended 31 December 2019, cash flow from operating activities was an inflow of £155.2 million. This represents an increase of £65.6 million, or 73.2%, when compared to cash flow from operating activities for the year ended 31 December 2018, which was an inflow of £89.6 million, primarily reflecting improvements in working capital and an increase in cash flow from trading driven by an increase in depreciation due to IFRS 16.

For the year ended 31 December 2018, cash flow from operating activities was an inflow of £89.6 million. This represents an increase of £15.0 million, or 20.1%, when compared to cash flow from operating activities for the year ended 31 December 2017, which was an inflow of £74.6 million, reflecting improvement in statutory profit after tax and decrease in levels of working capital.

5.1.2. Cash flow from investing activities

For the year ended 31 December 2019, net cash flow from investing activities was an outflow of £17.9 million. This represents a decrease of £25.9 million, or 323.8%, when compared to cash flow from investing activities for the year ended 31 December 2018, which was an inflow of £8.0 million, primarily reflecting increased capital expenditures as well as a reduction in cash flows arising on sale of businesses.

For the year ended 31 December 2018, cash flow from investing activities was an inflow of £8.0 million. This represents a decrease of £17.9 million, or 69.1%, when compared to cash flow from investing activities for the year ended 31 December 2017, which was an inflow of £25.9 million, reflecting lower proceeds from the sale of fixed assets.

5.1.3. Cash flow from financing activities

For the year ended 31 December 2019, net cash flow from financing activities was an outflow of £65.7 million. This represents a decrease of £32.0 million, or 32.8%, when compared to cash outflow from financing activities for the year ended 31 December 2018, which was an outflow of £97.7 million. The decrease was driven by the Group's drawing down an additional £42.4 million on its RCF during the year, compared to a repayment of loans of £57.1 million in 2018, partially offset by an increase in finance lease rental payments as a result of implementing IFRS 16.

For the year ended 31 December 2018, cash flow from financing activities was an outflow of £97.7 million. This represents a decrease of £17.7 million, or 15.3%, when compared to cash flow from financing activities for the year ended 31 December 2017, which was an outflow of £115.4 million, reflecting lower loan repayments.

5.2. Capital Expenditure

The Group's capital expenditure totaled £34.5 million in the year ended 31 December 2019, including a one-off investment in the upgrade of the Group's ERP system in the UK and on-going investments in various IT software systems to help improve operating efficiencies. The Group's capital expenditures are projected to trend lower in the near to medium term, and primarily relate to health and safety spend, general repairs and maintenance, continued investments in the Group's IT system upgrades and replacement projects and expenditures relating to branch openings and branch and warehouse refurbishments. While the majority of the Group's capital expenditures are contractually uncommitted, the Group estimates that a substantial proportion of its expected capital expenditures are considered a requirement to keep the Group operating effectively.

6. CAPITALISATION AND INDEBTEDNESS

As at 31 March 2020, the Group's total net financial indebtedness was £110.5 million. The Group's principal indebtedness, along with relevant financial covenants and other provisions, is described in paragraph 11 (“Material Contracts”) of Part 11 (“Additional Information”) of this Prospectus.

The following table sets out the Group's indebtedness as at 31 March 2020 and capitalisation as at 31 December 2019:

	<u>(£ million)</u>
Indebtedness	
Total Current Debt⁽¹⁾	
Guaranteed ⁽²⁾⁽³⁾	(96.0)
Secured ⁽⁴⁾	(5.1)
Unguaranteed/Unsecured	—
Total Non-Current Debt (excluding current portion of long-term debt)	
Guaranteed	(154.8)
Secured	(19.5)
Unguaranteed/Unsecured	—
Total Gross Indebtedness	(275.4)
Capitalisation	
Called up share capital	59.2
Share premium account	447.3
Other reserves ⁽⁵⁾	12.6
Total capitalisation	519.1

Notes:

- (1) This statement of indebtedness, which is unaudited, has been extracted without material adjustment from the Group's unaudited underlying account records as at 31 March 2020 and prepared under IFRS which are consistent with those used in preparing the Group's audited consolidated financial statements for the year ended 31 December 2019.
- (2) The Group's bank loans and the Notes are guaranteed by certain companies within the Group. None of the Group's bank loans or overdrafts are secured on the assets of the Group's subsidiary undertakings.
- (3) Represents repayment due under the Notes in October 2020 and amount drawn under the RCF.
- (4) The Group leases certain motor vehicles, fixtures and equipment under finance lease contracts, which are denominated in Sterling, Euros and Polish Zloty. The Group also has two properties under leasing arrangements that are considered to meet the criteria for recognition as a finance lease, which are both denominated in Sterling.
- (5) Includes capital redemption, share-option, hedging and translation and cost of hedging reserves.

The following table shows the Group's net financial indebtedness as at 31 March 2020:

	<u>(£ million)</u>
Net financial indebtedness⁽¹⁾	
Cash	164.6
Cash equivalents	—
Trading securities	—
Liquidity	164.6
Current financial receivables	—
Current bank debt	70.0
Current portion of non-current debt ⁽²⁾	31.1
Other current financial debt	—
Current financial debt	101.1
Net current financial indebtedness	(63.8)
Non-current loans	154.8
Bonds issued	—
Other non-current debt ⁽²⁾	19.5
Non-current financial indebtedness	174.3

Notes:

- (1) This statement of indebtedness, which is unaudited, has been extracted without material adjustment from the Group's unaudited underlying account records as at 31 March 2020 and prepared under IFRS which are consistent with those used in preparing the Group's audited consolidated financial statements for the year ended 31 December 2019.
- (2) Excludes amounts in respect of leases under IFRS 16.

There has been no material change to the Group's total capitalisation since 31 December 2019.

7. CONTRACTUAL MATURITY OF FINANCIAL LIABILITIES

The table below represents the Group's financial liabilities based on undiscounted contractual maturities, including interest that will accrue, except where the Group is entitled and intends to repay the liability before its maturity as at 31 December 2019. See Note 21 to the 2019 Financial Statements for further detail.

	<u>Less than one year</u>	<u>One to two years</u>	<u>Two to five years</u>	<u>More than five years</u>	<u>Total</u>
			<i>(£ million)</i>		
Lease liabilities	62.9	55.0	110.3	114.8	343.0
Trade and other payables	297.6	—	—	—	297.6
Notes ⁽¹⁾	31.8	22.4	54.9	97.1	206.2
RCF	100.4	—	—	—	100.4
Derivative financial instruments	0.0	(0.2)	(0.6)	1.2	0.4
Other financial liabilities.....	1.5	0.4	1.0	—	2.9
Total	<u>494.2</u>	<u>77.6</u>	<u>165.6</u>	<u>213.1</u>	<u>950.5</u>

Notes:

- (1) As at 31 December 2019, the Notes were classified as a current liability on the balance sheet because the covenant test of consolidated net worth as at 31 December 2019 was below the relevant threshold. Under the terms of the Notes, no event of default arose and testing of the covenant as at 31 December has been waived by the holders of the Notes. As a result, the Notes did not become repayable or capable of being declared immediately due and payable, and therefore in the table shown above, as at 31 December 2019 the only contractual requirement to repay the Notes in the next twelve months is the scheduled repayment in October 2020. See Note 33 to the 2019 Financial Statements for further detail.

8. OFF-BALANCE SHEET ARRANGEMENTS

As at 31 December 2019, the Group had no material off-balance sheet arrangements.

9. CONTINGENT LIABILITIES

As at 31 December 2019, the Group had outstanding obligations under customer guarantees, claims, standby letters of credit and discounted bills of up to £13.4 million, compared to £11.0 million as at 31 December 2018. Of this amount, £8.0 million, compared to £8.0 million as at 31 December 2018, related to a standby letter of credit issued by HSBC Bank plc in respect of the Group's insurance arrangements.

Metecho Limited and SIG Building Systems Limited, subsidiaries of the Company, have taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit. As a condition of the exemption, the Company has guaranteed the year end liabilities of the relevant subsidiaries until they are settled in full (see the Statement of Significant Accounting Policies in the 2019 Financial Statements for further detail).

As part of the disposal of Building Plastics a guarantee was provided to the landlord of the leasehold properties transferred with the business covering rentals over the remaining term of the leases in the event that the acquiring company enters into administration before the end of the lease term. The maximum liability that could arise from this would be £2.1 million. No provision has been made as it is not considered likely that any loss will be incurred in connection with this.

As disclosed in paragraph 11 (“*Legal Proceedings*”) of Part 10 (“*Business Description*”) of this Prospectus, the Company referred itself to the FCA regarding the circumstances leading to the trading update issued on 9 January 2020. Since such self-referral the Company has recently provided to the FCA a copy of the PwC Report for its consideration. The FCA has wide-ranging powers to investigate potential breaches of market rules and regulations, including the power to require disclosure of documents and to compel witnesses to be interviewed. The FCA also has wide-ranging powers to impose sanctions in the event it finds an issuer has breached market rules or regulations, including censuring issuers and imposing financial sanctions. There is no certainty whether the FCA will open an investigation into the Company; how long any such investigation would take to conclude; the findings of the FCA and any remedy imposed by the FCA. At this point, the Company considers this to be a possible obligation whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company and, accordingly, no provision has been recognised. The Company does not believe it is possible to make a reliable estimate of the potential financial effect in the event that the Company was determined to have any liability that may arise from this matter.

10. PENSION SCHEMES

The Group operates a number of pension schemes, six of which provide defined benefits based on final pensionable salary. Of these schemes, one has assets held in a separate trustee administered fund and five are overseas book reserve schemes. Two of the overseas schemes are within the Air Handling business and are therefore classified within assets and liabilities held for sale and not included below. The Group also operates a number of defined contribution schemes, all of which are independently managed.

The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees of the pension fund are responsible for the investment policy with regard to the assets of the fund.

In The Netherlands, the Group participates in the industry-wide pension plan for the construction materials industry ('BPF HiBiN'). The pension plan is classified as a multi-employer defined benefit scheme under IAS 19, but is recognised in the Group's 2019 Financial Statements as a defined contribution scheme since the pension fund is not able to provide sufficient information to allow the Group's share of the assets and liabilities to be separately identified. Therefore, the Group's annual pension expense for this scheme is equal to the required contribution each year. The coverage ratio of the multi-employer union plan decreased to 97.7% as at 31 December 2019, compared to 104.9% as at 31 December 2018. No change was made to the pension premium percentage of 22.2%. The coverage ratio is calculated by dividing the fund's assets by the total sum of pension liabilities and is based upon market interest rates. The Group's participation in this scheme represents 0.1% of the total members. The Group is not liable for other participants' obligations, and there is no agreed allocation of surplus or deficit on withdrawal from the scheme or on winding up of the scheme. The Group is not aware of any planned changes to contributions or benefits.

11. IMPACT OF IFRS 16

IFRS 16 is a new standard relating to accounting for leases which is effective for accounting periods beginning on or after 1 January 2019. The standard eliminates the classification of leases as either operating leases or finance leases for lessees and introduces a single lease accounting model where the lessee is required to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset is of low value.

The Group has elected to adopt the standard using the modified retrospective approach, which means that 2019 is the first year impacted by the accounting standard. On 1 January 2019, £306.2 million of leases were recognised as liabilities on adoption of the standard and £312.8 million capitalised as right of use assets, including £18.0 million previously included in property, plant and equipment in relation to assets held under finance leases under the old standard.

The financial impacts of IFRS 16 on the underlying results for 2019 are set out in the table below.

	2019 (pre IFRS 16)	Impact of IFRS 16 <i>(£million)</i>	2019 (post IFRS 16)
Underlying operating profit	33.5	6.1	39.6
Net finance costs	(12.9)	(11.1)	(24.0)
Underlying profit before tax	20.6	(5.0)	15.6
Right-of-use assets	0.0	255.2	255.2
Property, plant and equipment	68.0	(9.4)	58.6
Other assets	995.5	38.5	1,034.0
Lease liabilities	(15.2)	(260.4)	(275.6)
Other liabilities	(748.0)	(30.0)	(778.0)
Net assets.....	300.3	(6.1)	294.2
Net debt.....	(162.8)	(292.6)	(455.4)

The changes in accounting resulting from the implementation of IFRS 16 will not affect the way liquidity is assessed against the Group's banking covenants, which will continue to be assessed as though the accounting rules had not changed (i.e. on a 'frozen' GAAP basis).

12. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Group is subject to several market risks. These include liquidity risk, interest rate risk, foreign currency risk, commodity risk, counterparty credit risk and the risk of breaching debt covenants.

12.1. Liquidity risk

The Group faces liquidity risk should it be unable to meet its financial obligations as they fall due. In order to mitigate the risk of not being able to meet its financial obligations, the Group seeks a balance between certainty of funding and a flexible, cost-effective borrowing structure, using a mixture of sources of funding in order to prevent over-reliance on any single provider.

Refer to paragraph 4 above for the Group's key sources of liquidity.

12.2. Interest rate risk

The Group's interest costs in respect of its borrowings will increase in the event of rising interest rates. To reduce this risk the Group monitors its mix of fixed and floating rate debt and enters into derivative financial instruments to manage this mix where appropriate. The Group has a policy of aiming to fix between 50% and 75% of its average net debt over the medium term.

The Group's percentage of gross debt at fixed rates of interest as at 31 December 2019 was 87%.

12.3. Foreign currency risk

The Group has a number of overseas businesses whose revenues and costs are denominated in the currencies of the countries in which the operations are located. 61% of the Group's 2019 continuing revenues were in foreign currencies, being primarily Euros and Polish Zloty. The Group faces a translation risk in respect of changes to the exchange rates between the reporting currencies of these operations and Sterling and has decided not to hedge the income statement translational risk arising from these income streams.

When cross-currency transactions occur, it is the Group's policy to eliminate currency exposure at that time through forward currency contracts, if the exposure is considered to be material.

The Group faces a translation risk in respect of the local currencies of its primary foreign operations, principally being Euro and Polish Zloty sales and profits. The Group does not hedge the income statement translational risk arising from these income streams. The Group also faces a translation risk from the U.S. dollar in respect of interest on its borrowings under the Private Placement Loan Notes. This risk has been eliminated through the use of cross currency swaps, which swap the U.S. dollar debt into Euro.

The Group's balance sheet is inherently at risk from movements in the sterling value of its net investments in foreign businesses and the sterling value of its foreign currency net debt. For currencies where the Group has significant balance sheet translational risk, the Group seeks to mitigate this risk by holding financial liabilities and derivatives in the same currency to partially hedge the net investment values.

As at 31 December 2019, the Group's Euro net debt represented 47.8% of total net debt.

12.4. *Commodity risk*

The nature of the Group's operations creates an ongoing demand for fuel and therefore the Group is exposed to movements in market fuel prices. The Group enters into commodity derivative instruments to hedge such exposures where it makes commercial and economic sense to do so. The Group currently has no commodity derivative contracts in place.

12.5. *Counterparty credit risk*

The Group holds significant investment assets, being principally cash deposits and derivative assets. Strict policies are in place in order to minimise counterparty credit risk associated with these assets.

A list of approved deposit counterparties is maintained. Counterparty credit limits, based on published credit ratings and CDS spreads, are in place. These limits, and the position against these limits, are reviewed and reported on a regular basis.

Sovereign credit ratings are also monitored, and country limits for investment assets are in place. If necessary, funds are repatriated to the UK.

13. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgements are those judgement that require the application of management's most challenging, subjective or complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. Critical accounting judgements involve judgements and uncertainties that are sufficiently sensitive to result in materially different results under different assumptions and conditions. A detailed description of certain of the main accounting judgements and sources of estimation uncertainty in preparing the Group's historical financial information is set forth in the Statement of Significant Accounting Policies in the 2019 Financial Statements, which are incorporated by reference into this Prospectus.

PART 14

HISTORICAL FINANCIAL INFORMATION

The financial information incorporated by reference this Part 14 has been prepared in accordance with IFRS.

Information incorporated by reference

The following documents, which have been approved, filed with or notified to the FCA, and which are incorporated by reference in this document in accordance with paragraph 22 (“*Incorporation by Reference*”) and are available for inspection in accordance with paragraph 23 (“*Documents Available for Inspection*”) of Part 16 (“*Additional Information*”) of this Prospectus, contain information about the Group which is relevant to this Prospectus:

- 2019 Annual Report and Accounts
- 2018 Annual Report and Accounts
- 2017 Annual Report and Accounts

The Group has disposed of a number of businesses in the past three years which affect the comparability of the Group's results across these periods. In particular, the Air Handling business, the disposal of which was announced on 7 October 2019 and completed on 31 January 2020, accounted for a material portion of the Group's results for 2019, 2018 and 2017. As a result:

- The Group's 2019 consolidated income statement, as presented in the audited 2019 Financial Statements and in this Prospectus, presents the Air Handling business as a discontinued operation. Additionally, the results of certain other businesses that have been disposed of, or are held for sale, have been removed from the Group's underlying results and shown within other items in the consolidated income statement.
- The Group's 2018 consolidated balance sheet presented in this Prospectus is extracted from the audited 2018 Financial Statement. The Group's 2018 consolidated income statement and consolidated cash flow statement presented in this Prospectus are unaudited and are extracted without adjustment from the audited 2019 Financial Statements. In order to enhance comparability, the Group's comparative 2018 consolidated income statement in the 2019 Financial Statements has been revised from the information in the 2018 Financial Statements in order to present the Air Handling business as a discontinued operation. Similarly, the results of certain other businesses that have been disposed of, or are held for sale, have been removed from the Group's underlying results and shown within other items in the consolidated income statement.
- The Group's 2017 consolidated income statement, consolidated balance sheet and consolidated cash flow statement presented in this Prospectus are unaudited and are extracted without adjustment from the audited 2018 Financial Statements. The Group's comparative 2017 results in the 2018 Financial Statements were restated in the 2018 Financial Statements in order to reflect a review of certain accounting policies and judgements (described in the Statement of Significant Accounting Policies and Note 33 to the 2018 Financial Statements). The Group's 2017 consolidated income statement, however, includes the results of the Air Handling business within continuing operations, and certain other businesses within the Group's underlying results, which affects comparability of the Group's 2017 consolidated income statement as presented in this Prospectus with the subsequent years. For a reconciliation adjusting the Group's 2017 consolidated income statement to exclude the results of the Air Handling business and certain other businesses for that period, see paragraph 4.3 of Part 12 (“*Selected Financial and Other Information*”) of this Prospectus.

See the Statement of Significant Accounting Policies to the 2019 Financial Statements and the Statement of Significant Accounting Policies and Note 33 to the 2018 Financial Statements for further details.

PART 15
UNAUDITED PRO FORMA FINANCIAL INFORMATION

Section A: Unaudited Pro Forma Financial Information

The unaudited pro forma statement of net assets (the **Pro Forma Financial Information**) set out in Section A in this Part 15 has been prepared for illustrative purposes only, and by its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. The Pro Forma Financial Information has been prepared in accordance with Annex 20 of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation.

The Pro Forma Financial Information is based on the Group's audited consolidated balance sheet as at 31 December 2019 and has been prepared to illustrate the effect on the Group's consolidated net assets of the Capital Raise as if the Capital Raise and the disposal of the Air Handling business had occurred on 31 December 2019. The Pro Forma Financial Information is stated on the basis of the accounting policies of the Group set out in the 2019 Financial Statements.

The Pro Forma Financial Information does not constitute financial statements within the meaning of section 434 of the Companies Act. Investors should read the whole of this Prospectus, including documents incorporated by reference herein, and not rely solely on the summarised unaudited financial information contained in this Part 15.

	Net assets of the Group as at 31 December 2019 ⁽¹⁾	Adjustments for Capital Raise ⁽²⁾	Adjustment for Disposal of Air Handling Business ⁽³⁾ <i>(unaudited)</i> <i>(£ million)</i>	Reclassification of remaining Notes and RCF amounts ⁽⁴⁾	Pro Forma ⁽⁵⁾
ASSETS					
Non-current assets					
Property, plant and equipment..	58.6	—	—	—	58.6
Right-of-use assets	255.2	—	—	—	255.2
Goodwill.....	159.0	—	—	—	159.0
Intangible assets	42.3	—	—	—	42.3
Lease receivables.....	4.4	—	—	—	4.4
Deferred tax assets.....	4.4	—	—	—	4.4
Derivative financial instruments	1.7	—	—	—	1.7
Deferred consideration	—	—	—	—	—
	525.6	—	—	—	525.6
Current assets					
Inventories.....	156.5	—	—	—	156.5
Lease receivables.....	0.8	—	—	—	0.8
Trade and other receivables	294.7	—	—	—	294.7
Contract assets.....	—	—	—	—	—
Current tax assets.....	0.9	—	—	—	0.9
Derivative financial instruments	0.9	—	—	—	0.9
Deferred consideration	—	—	—	—	—
Cash at bank and on hand	110.0	92.2	122.3	—	324.5
Assets classified as held for sale	258.4	—	(205.0)	—	53.4
	822.2	92.2	(82.7)	—	831.7
Total assets	1,347.8	92.2	(82.7)	—	1,357.3
LIABILITIES					
Current liabilities					
Trade and other payables.....	327.4	—	—	—	327.4
Contract liabilities	—	—	—	—	—
Lease liabilities.....	51.5	—	—	—	51.5
Bank overdrafts	—	—	—	—	—
Bank loans	99.6	(2.9)	(29.6)	(67.1)	—
Private placement notes	175.5	(49.8)	—	(125.7)	—

Loan notes and deferred consideration	—	—	—	—	—
Other financial liabilities	1.5	—	—	—	1.5
Derivative financial instruments	0.2	—	—	—	0.2
Current tax liabilities	3.7	—	—	—	3.7
Provisions	6.7	—	—	—	6.7
Liabilities directly associated with assets classified as held for sale	115.7	—	(86.5)	—	29.2
	781.8	(52.7)	(116.1)	(192.8)	420.2
Non-current liabilities					
Lease liabilities	224.1	—	—	—	224.1
Bank loans	—	—	—	67.1	67.1
Private placement notes	—	—	—	125.7	125.7
Derivative financial instruments	1.9	—	—	—	1.9
Other financial liabilities	1.4	—	—	—	1.4
Deferred tax liabilities	—	—	—	—	—
Other payables	1.0	—	—	—	1.0
Retirement benefit obligations ..	24.8	—	—	—	24.8
Provisions	18.6	—	—	—	18.6
	271.8	—	—	192.8	464.6
Total liabilities	1,053.6	(52.7)	(116.1)	—	884.8
Net assets	294.2	144.9	33.4	—	472.5

Notes:

- (1) The information in this column has been extracted without adjustment from the audited 2019 Financial Statements, which have been incorporated by reference as described in Part 14 (“*Historical Financial Information*”) of this Prospectus.
- (2) Reflects approximately £153.1 million in net cash proceeds from the Capital Raise (being gross proceeds of £165.0 million, less estimated fees and expenses of approximately £11.9 million in connection with the Capital Raise), and the prepayment of £48.0 million in a nominal amount of the Notes (at par plus interest accrued at the date of prepayment), as well as the payment of debt advisory fees of £8.2 million, together with lender fees relating to the Notes of £1.8 million and lender fees relating to the RCF of £2.9 million.
- (3) Reflects net cash proceeds of £151.9 million in connection with the disposal of the Air Handling business which completed on 31 January 2020, as if this was completed on 31 December 2019.
- (4) Reflects the reclassification of the remaining amounts outstanding under the RCF and the Notes from current liabilities to non-current liabilities following the renegotiation of their maturity dates with the respective counterparties.
- (5) No adjustment has been made to reflect the trading results of the Group since 31 December 2019 or any change in its financial position in this period, other than as discussed above.

Section B: DRAFT Accountant's Report On The *Pro Forma* Financial Information

The Directors
SIG plc
10 Eastbourne Terrace
London W2 6LG
United Kingdom

19 June 2020

Ladies and Gentlemen

SIG plc

We report on the pro forma financial information (the 'Pro forma financial information') set out in Part 15 of the combined circular and prospectus dated 19 June 2020, which has been prepared on the basis described in notes 1 to 5, for illustrative purposes only, to provide information about how the firm placing, placing and open offer of ordinary shares by SIG plc might have affected the financial information presented on the basis of the accounting policies adopted by SIG plc in preparing the financial statements for the period ended 31 December 2019. This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority and Section 3 of Annex 20 of the Commission Delegated Regulation (EU) 2019/980 (the 'PR Regulation') and is given for the purpose of complying with those requirements and for no other purpose.

Responsibilities

It is the responsibility of the directors of SIG plc to prepare the Pro forma financial information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority and Annex 20 of the PR Regulation.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the PR Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.6.1R(9) and Item 1.3 of Annex 1 of the PR Regulation, consenting to its inclusion in the combined circular and prospectus.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of SIG plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of SIG plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of SIG plc.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R (2)(f) we are responsible for this report as part of the prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the prospectus in compliance with Item 1.2 of Annex 1 of the PR Regulation.

Yours faithfully

PART 16

ADDITIONAL INFORMATION

1. PERSONS RESPONSIBLE

SIG plc and the Directors (including those who have agreed to become Directors), whose names appear in this document, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of SIG plc and the Directors, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect the import of such information.

2. INCORPORATION AND REGISTERED OFFICE

The Company was incorporated and registered in England and Wales under the Companies Act 1948 to 1967 as a private company limited by shares under the name The Sheffield Insulating Company Limited on 29 December 1970 with registered number 00998314. On 20 April 1989 the Company was re-registered as a public company under the name of Sheffield Insulations Group plc. On 14 October 1994, the name of the Company was changed to its present name, SIG plc. The Company's LEI is 213800VDC1BKJEZ8PV53.

The registered office of the Company is 10 Eastbourne Terrace, London, United Kingdom, W2 6LG (telephone number +44 (0)114 285 6300) and the Company's website is at www.sigplc.com. The information on the Company's website does not form part of this Prospectus unless that information is specifically incorporated by reference into this Prospectus.

The principal legislation under which the Company operates and under which the Ordinary Shares were created, is the Companies Act.

3. SHARE CAPITAL

3.1. *Issued and Fully Paid Share Capital*

The issued and fully paid share capital of the Company as at 18 June 2020 (being the latest practicable date before publication of this Prospectus) was 591,556,982 Ordinary Shares.

The issued and fully paid ordinary share capital of the Company immediately following completion of the Capital Raise and on Admission is expected to be 1,181,556,977 Ordinary Shares.

3.2. *Changes to Share Capital*

The following summarises the changes that have occurred in the share capital of the Company from 1 January 2017 (being the date of commencement of the period for which Historical Financial Information has been provided in this Prospectus) to 31 December 2019.

- as of 1 January 2017, there were 591,460,301 Ordinary Shares in issue;
- on 13 April 2017, 14,962 Ordinary Shares were allotted;
- on 8 August 2017, in two separate allotments, 28,960 Ordinary Shares were allotted and a further 3,861 Ordinary Shares were allotted;
- on 16 August 2017, 19,801 Ordinary Shares were allotted;
- on 21 August 2017, 7,801 Ordinary Shares were allotted;
- on 20 December 2017, 12,549 Ordinary Shares were allotted; and

- on 4 December 2018, 8,747 Ordinary Shares were allotted,

in each case, pursuant to the Share Plans.

As at 18 June 2020, being the latest practicable date before publication of this Prospectus, there are 591,556,982 Ordinary Shares in issue. None of the share capital of the Company is held in treasury.

The register of members is maintained by the Registrar.

3.3. *Miscellaneous*

As at the date of this Prospectus, there are no warrants outstanding.

Save as disclosed above and in paragraph 8 (“*Employee Share Plans*”) of this Part 16:

- no share or loan capital of the Company or any of its subsidiaries has, within the period covered by the Historical Financial Information set out in this Prospectus (other than intra-group issues by wholly owned subsidiaries) been issued or been agreed to be issued fully or partly paid, either for cash or for a consideration other than cash and no such issue is now proposed;
- no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries within the period covered by the Historical Financial Information set out in this Prospectus in connection with the issue or sale of any share or loan capital of any such company; and
- no share or loan capital of the Company or any of its subsidiaries is under option or been agreed, conditionally or unconditionally, to be put under option.

3.4. *Form of Shares*

The Ordinary Shares are in registered form and, subject to the provisions of the CREST Regulations, the Directors may permit the holding of shares in any class of shares in uncertificated form, and title to such shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where Shares are held in certificated form, share certificates will be sent to the registered members by first class post.

The Ordinary Shares are registered with the ISIN number GB0008025412. The New Ordinary Shares will have the same ISIN as the Existing Ordinary Shares.

4. SUMMARY OF THE ARTICLES OF ASSOCIATION

The following is a summary of the Articles of the Company which were adopted pursuant to a special resolution passed on 13 May 2010 and which are available for inspection as set out in paragraph 22 (“*Incorporation by Reference*”) of this Part 16.

The Articles include provisions, *inter alia*, to the following effect:

4.1. *Objects*

The objects of the Company, in accordance with section 31(1) of the Companies Act, are unrestricted.

4.2. *Limited liability*

The liability of the shareholders is limited to the amount, if any, unpaid on the shares respectively held by them.

4.3. *Rights attaching to Shares*

Any share may be issued by the Company with such rights or restrictions as the Company may by ordinary resolution determine or, if the Company has not so determined, as the directors may determine. In the event that rights and restrictions attaching to shares are determined by ordinary resolution, those rights and restrictions shall apply by virtue of the Companies Act in the absence of any provisions in the Articles, as if those rights and restrictions were set out in the Articles.

The Company may issue shares that are redeemable at the option of the Company or the shareholder, and the Directors may determine the terms, conditions and manner of redemption of any such shares (and, where so determined, those terms and conditions shall apply in place of any rights and restrictions that would otherwise apply by virtue of the Companies Act).

No pre-emption rights beyond the rights applicable under the Companies Act are specified in the Articles.

4.4. *Variation of rights*

If at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied, either while the Company is a going concern or during or in contemplation of a winding up: (a) in such manner (if any) as may be provided by those rights; or (b) in the absence of any such provision, with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares), or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

4.5. *Disclosure of interests in shares*

If a shareholder, or any other person appearing to be interested in shares held by that shareholder, has been given a notice under section 793 of the Companies Act and has failed in relation to any shares (the “**default shares**”) to give the Company the information thereby required within 14 days from the date of giving the notice, the following sanctions shall apply, unless the Directors otherwise determine:

- (a) the shareholders shall not be entitled in respect of the default shares to be present or to vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll; and
- (b) where the default shares represent at least 0.25% of their class (calculated exclusive of treasury shares):
 - (i) any dividend payable in respect of the shares shall be withheld by the Company, which shall not have any obligation to pay interest on it, and the shareholder shall not be entitled to elect to receive shares instead of that dividend;
 - (ii) no transfer, other than an excepted transfer, of any shares held by the shareholder in certificated form shall be registered unless:
 - (A) the shareholder is not in default as regards supplying the information required; and
 - (B) the shareholder proves to the satisfaction of the Directors that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer; and
 - (iii) where shares are held by the shareholder in uncertificated form, the Directors may require the operator of a relevant system to convert the shares into certificated form.

4.6. *Transfer of Shares*

A shareholder may transfer all or any of its shares in any manner which is permitted by any applicable statutory provision and is approved by the Directors.

The instrument of transfer of a share in certificated form may be in any usual form or in any other form which the Directors approve and shall be executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee.

Where title to any class of shares is recorded in uncertificated form, such shares may be transferred by means of the relevant system concerned. Such a transfer may not be in favour of more than four transferees.

The Directors may, in their absolute discretion, refuse to register the transfer of a share in certificated form which is not fully paid provided that, if the share is listed on the Official List, such refusal does not prevent dealings in the shares from taking place on an open and proper basis.

The Directors may refuse to register a transfer of a share in certificated form (whether fully paid or not) in certain circumstances. The directors may also refuse to register a transfer of a share in uncertificated form to a person who is to hold it thereafter in certificated form in any case where the Company is entitled to refuse (or is excepted from the requirement) under the Uncertificated Securities Regulations 2001 to register the transfer.

If the directors refuse to register a transfer of a share, they shall as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company (in the case of a transfer of a share in certificated form) or the date on which the operator-instruction was received by the Company (in the case of a transfer of a share in uncertificated form to a person who is to hold it thereafter in certificated form) send to the transferee notice of the refusal together with reasons for the refusal. The Directors shall send such further information about the reasons for the refusal to the transferee as the transferee may reasonably request.

No fee shall be charged for the registration of any instrument of transfer or other document or instruction relating to or affecting the title to any share.

The Articles also provide for transmission of shares on death of a shareholder.

4.7. *Alteration of share capital*

The Company may by ordinary resolution:

- consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- sub-divide its shares, or any of them, into shares of smaller amount than its existing shares;
- determine that, as between the shares resulting from such a sub-division, any of them may have any preference or advantage as compared with the others; and
- where any difficulty arises in regard to any consolidation or division, the Directors may settle such difficulty as they see fit.

In particular, the Directors may sell to any person (including the Company) the shares representing fractions following any such consolidation and/or sub-division for the best price reasonably obtainable and distribute the net proceeds of sale in due proportion among the relevant shareholders or retain such net proceeds for the benefit of the Company and:

- in the case of shares in certificated form, the Directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser; and
- in the case of shares in uncertificated form, the Directors may, to enable the Company to deal with the share in accordance with the provisions of the Articles, require the operator of a relevant system to convert the share into certificated form, and after such conversion, authorise any person to execute an instrument of transfer and/or take such other steps (including the giving of directions to or on behalf of the holder, who shall be bound by them) as they think fit to effect the transfer.

4.8. *Uncertificated shares – general powers*

The Board may permit any class of shares to be held in uncertificated form, may issue shares in uncertificated form, may convert shares from certificated form to uncertificated form and vice versa and may allow transfer of title to such uncertificated shares by means of a permitted system.

If and to the extent that any provision of the Articles is inconsistent with such holding or transfer of shares in uncertificated form or with any provision of the Uncertificated Securities Regulations 2001, it shall not apply to any share in uncertificated form.

Unless the directors otherwise determine, shares of any class held by the same holder or joint holder in certificated form and uncertificated form shall be treated as separate holdings.

4.9. *Directors*

- The Articles provide that the business of the Company shall be managed by the Directors who, subject to the provisions of the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company. In doing so, the Directors may appoint one or more of their number to the office of managing director or to any other executive office of the Company.
- Unless otherwise determined by the Company by ordinary resolution, the number of Directors (disregarding alternate directors) shall not be subject to any maximum but shall not be less than two.
- The Directors may appoint a person who is willing to act as a director, and is permitted by law to do so, to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number fixed as the maximum number of directors. A director so appointed shall retire at the next annual general meeting and shall then be eligible for reappointment. If the Company, at the meeting at which a director retires under any provision of the Articles, does not fill the vacancy, the retiring director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or a resolution for the reappointment of the director is put to the meeting and lost.
- A director who retires at an annual general meeting may be reappointed. If he is not reappointed or deemed to have been reappointed, he shall retain office until the meeting elects someone in his place or, if it does not do so, until the close of the meeting.
- At each annual general meeting every year certain directors are required to retire by rotation: (a) all directors who held office at the time of each of the two preceding annual general meetings and who did not retire at either of them; and (b) if the number of directors retiring under the foregoing provision is less than one-third of the directors in office as at the date of the notice convening the annual general meeting, such additional number of directors as shall, together with the directors retiring under paragraph (a) above, equal one-third of the directors in office as at the date of the notice convening the annual general meeting.

- No person other than a director retiring at the meeting shall be appointed or reappointed a director at any general meeting unless: (a) he is recommended by the directors; or (b) he is proposed by a shareholder in accordance with the time limits and conditions set out in the Articles.
- At a general meeting a motion for the appointment of two or more persons as directors by a single resolution shall not be made, unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it.
- Any non-executive director (other than the chairman) who has held office as a non-executive director for nine years or more shall retire from office at each annual general meeting and shall be eligible for reappointment.
- In addition to any power of removal under the Companies Act, the Company may, by special resolution, remove a director before the expiration of his period of office and, subject to the Articles, may by ordinary resolution appoint another person who is willing to act as a director, and is permitted by law to do so, to be a director instead of him.
- Automatic termination of directorship can occur in certain circumstances under the Articles, including where such director is the subject of a bankruptcy order, he/she resigns or he/she is prohibited from being a director by law.
- Alternate directors can be appointed by directors and such alternate may be another director or any other person approved by resolution of the directors and willing to act and permitted to do so.
- The directors shall be entitled to such remuneration for their services as directors as the directors or any committee of the directors authorised by the directors may determine which shall not exceed in aggregate £500,000 (excluding value added tax) per annum (or such higher amount as the Company may determine from time to time by ordinary resolution). The directors may also be paid all reasonable expenses properly incurred by them in connection with their attendance at meetings of the directors or of committees of the directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company and any reasonable expenses properly incurred by them otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.
- Provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office: (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested; and (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is interested.
- The directors may (subject to such terms and conditions, if any, as they may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisation) authorise: (a) any matter which would otherwise result in a director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest (including a conflict of interest and duty or conflict of duties); and (b) a director to accept or continue in any office, employment or position in addition to his office as a director of the Company and may authorise the manner in which a conflict of interest arising out of such office, employment or position may be dealt with, either before or at the time that such a conflict of interest arises, provided that the authorisation is effective only if: (i) any requirement as to the quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director; and (ii) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.

4.10. General meetings

The directors may call general meetings. If there are not sufficient directors to form a quorum in order to call a general meeting, any director may call a general meeting. If there is no director, any member of the Company may call a general meeting.

An annual general meeting and all other general meetings of the Company shall be called by at least such minimum period of notice as is prescribed or permitted under the Companies Act (i.e. an annual general meeting shall be called by at least 21 clear days' notice and all other general meetings shall be called by not less than 14 clear days' notice).

The notice shall specify the place, the date and the time of meeting and the general nature of the business to be transacted, and in the case of an annual general meeting shall specify the meeting as such. Where the Company has given an electronic address in any notice of meeting, any document or information relating to proceedings at the meeting may be sent by electronic means to that address, subject to any conditions or limitations specified in the relevant notice of meeting. Subject to the provisions of the Articles and to any rights or restrictions attached to any shares, notices shall be given to all members, to all persons entitled to a share in consequence of the death or bankruptcy of a member and to the directors and auditors of the Company.

No business shall be transacted at any meeting unless a quorum of two persons entitled to vote upon the business to be transacted is present. If a quorum is not present within half an hour after the time appointed for holding the meeting, or if during a meeting a quorum ceases to be present, the meeting shall stand adjourned to such time and place as the directors may determine.

In the case of any general meeting, the directors may make arrangements for simultaneous attendance and participation by electronic means allowing persons not present together at the same place to attend, speak and vote at the meeting (including the use of satellite meeting places).

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is validly demanded.

No shareholder shall have the right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by it unless all amounts presently payable by it in respect of that share have been paid.

For the purposes of determining which persons are entitled to attend or vote at a general meeting and how many votes such persons may cast, the Company may specify in the notice convening the meeting a time, being not more than 48 hours before the time fixed for the meeting (and for this purpose no account shall be taken of any part of a day that is not a working day), by which a person must be entered on the register in order to have the right to attend or vote at the meeting.

4.11. Borrowing powers

The directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

4.12. Dividends

- Declaration of dividends – the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.

- Payment - all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid.
- Interim dividends – the directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.
- Scrip dividends - the directors may, with the authority of an ordinary resolution of the Company, offer any holders of ordinary shares the right to elect to receive ordinary shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the directors) of any dividend specified by the ordinary resolution.
- Dividends not to bear interest – no dividend or other money payable in respect of a share shall bear interest against the Company, unless otherwise provided by the rights attached to the share.
- Dividends in specie – a general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of specific assets and in particular of fully paid shares or debentures of any other company.
- Unclaimed dividends – any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the Company.

4.13. *Forfeiture of shares*

If a call or an instalment of a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited. If the notice is not complied with, any shares in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors and the forfeiture shall include all dividends and other amounts payable in respect of the forfeited shares and not paid before the forfeiture. A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the forfeiture the holder or to any other person and, at any time before the disposition, the forfeiture may be cancelled on such terms as the directors determine.

A person whose shares have been forfeited shall cease to be a member in respect of the shares forfeited and shall surrender to the Company for cancellation any certificate for the shares forfeited. However, such person shall remain liable to the Company for all amounts which at the date of forfeiture were presently payable by it to the Company in respect of those shares with interest.

A statutory declaration by a director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share.

4.14. *Proxies*

A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. The appointment of a proxy shall be deemed also to confer authority to demand or join in demanding a poll. Appointment of a proxy may be in written form, electronic form or any other form approved by the Directors.

4.15. *Communications by the Company*

Any notice, document or information may be sent or supplied by the Company to any member either: (i) personally; (ii) by post; (iii) in electronic form; or (iv) by making it available on a website.

Any notice, document or information to be sent or supplied by the Company to the members or any of them, not being a notice of a general meeting, shall be sufficiently sent or supplied if sent or supplied by advertisement in at least one national daily newspaper published in the United Kingdom.

4.16. *Winding up*

If the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members.

4.17. *Directors' indemnity, insurance and defence*

- The Company may indemnify its directors against any loss or liability in relation to the Company or any associated company and purchase and maintain insurance for any person who is or was a director, or a director of any associated company, against any loss or liability or any expenditure he/she may incur, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise, in relation to the Company or any associated company (and for this purpose an associated company means any body corporate which is or was a subsidiary of the Company or in which the Company or any subsidiary of the Company is or was interested).
- The Articles do not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Act or by any other provision of law.

5. DIRECTORS AND SENIOR MANAGEMENT

The biographies of the Directors and Senior Management are set out in Part 11 ("*Directors, Senior Management and Corporate Governance*") of this Prospectus.

The business address of each of the Directors and each member of Senior Management is: 10 Eastbourne Terrace, London, W2 6LG. In addition to their directorships of the Company and other members of the Group, the Directors and members of Senior Management hold, or have held, the following directorships and are or were members of the following partnerships, within the past five years:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Directors		
Andrew Allner.....	Fox Marble Holdings plc Shepherd Building Group Limited	The Go-Ahead Group plc Marshalls plc Redde Northgate plc Patisserie Holdings plc Tulip Limited Danwood Group Holdings Limited
Steve Francis	Fairfax Partners Group Ltd Structured Software Limited PTSH Realisations Ltd	Autocue Limited Autoscript Limited Bogen Imaging UK Limited Camera Corps Ltd The Camera Store Limited Colorama Photodisplay Holdings Limited Gitzo Limited Kata UK Limited Lastolite Limited Litepanels Ltd Manfrotto Distribution Limited Palmer Dollar Finance Palmer Finance Palmer Yen Finance Panlight Limited Petrol Bags Limited Rexham (NI) Limited RT Motion Systems Ltd Rycote Microphone Holdings Limited Rycote Microphone Windshields Limited Rycote Partnership Limited Sachtler Limited Vinten Broadcast Limited Vitec Creative Solutions UK Limited Vitec Group Holdings Limited The Vitec Group plc Vitec Holdings Limited Vitec Imaging Solutions UK Limited Vitec Production Solutions Limited Vizua Limited VTC International Limited
Kath Kearney-Croft.....	N/A	
Alan Lovell.....	Association of Lloyd's Members Interserve Group Limited Palace House International (Two) LLP Progressive Energy Limited Safestyle UK plc	Amey Birmingham Highways Holdings Limited Amey Birmingham Highways Limited Amey LG Limited Amey plc Amey UK plc Carillion plc Consumer Council for Water Currie & Brown (Trustees) Limited Flowgroup plc Lloyd's of London Palace House International Limited Sepura plc Sweett Group plc Tamar Energy Limited Thistle Topco (UK) Limited Thistle Midco (UK) Limited Cedo Limited
Kate Allum.....	Cranswick plc Origin Enterprises plc Stock Spirits Group PLC	
Ian Duncan	Babcock International Group plc Bodycote plc	MRBL Limited Wandisco plc Pendragon plc
Gillian Kent.....	Ascential plc Howsy Limited	

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
	Portswigger Limited Mothercare plc NAHL Group plc Theo TopCo Limited	
Ian Ashton*	Dignity plc Low & Bonard plc Low & Bonard Slovakia a.s.	Labviva LLC
Simon King*	Yihua Bonar Yarns & Fabrics Co Limited N/A	Bombala Limited The Mosaic Tile Company Limited Wickes Building Supplies Limited
Senior Management		
Julien Monteiro.....	N/A	Brammer Group Limited
Marcin Szczygiel.....	N/A	N/A
Ronald Hoozemans.....	N/A	N/A
Kevin Windle	JS McCarthy Limited (Ireland)	N/A
Philip Johns	N/A	M.K.M. Building Supplies (Group) Limited
Clare Taylor.....	N/A	N/A
Andrew Watkins.....	Project Galilee (Jersey) Limited	N/A
Kulbinder Dosanjh	KSHD Property Limited Project Galilee (Jersey) Limited	Consignia (Customer Management) Limited Community Couriers Ltd Consignia Limited Envision Licensing Limited Ired Partnership Limited Dgmh Clayton Limited Phatware Limited Posg Limited Royal Mail Finance Limited Royal Mail Finance (No2) Limited Senditnow Limited Viacode Limited Royal Mail Estates Limited Royal Mail Innovations Limited Parcelforce Limited Nine Elms Parkside Estate Management Company Limited RM (International) Limited

* Ian Ashton and Simon King are due to commence their roles as Directors of the Company from 1 July 2020

Save as disclosed in this paragraph 5, at the date of this Prospectus, none of the Directors and members of the Senior Management has at any time within at least the past five years:

- been a director or partner of any companies or partnerships; or
- had any convictions in relation to fraudulent or indictable offences (whether spent or unspent); or
- been adjudged bankrupt or entered into an individual voluntary arrangement; or
- been a director of any company at the time of, or within 12 months preceding, any bankruptcy, receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors; or
- been a partner in a partnership at the time of, or within 12 months preceding, any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or

- had his or its assets form the subject of any receivership or been a partner of a partnership at the time of, or within 12 months preceding, any assets thereof being the subject of a receivership; or
- been subject to any official public incrimination, criticisms and/or sanctions by any statutory or regulatory authority (including any designated professional body); or
- ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6. DIRECTORS' AND SENIOR MANAGEMENT'S INTERESTS IN THE COMPANY

6.1. Existing interests

The following table sets out the interests (including beneficial interests) of the Directors and the members of the Senior Management (as well as their immediate families) in the share capital of the Company and the interests of persons connected (within the meaning of section 252 of the Companies Act) with the relevant Director or member of Senior Management, the existence of which was known to or could, with reasonable due diligence, be ascertained by the relevant Director or member of Senior Management, as at 18 June 2020 (being the latest practicable date before the date of publication of this Prospectus) and as they are expected to be immediately following Admission (including the New Ordinary Shares which certain Directors and members of the Senior Management have agreed to subscribe for as detailed in paragraph 6.2 below):

<i>Name</i>	<i>As at 18 June 2020 ⁽¹⁾</i>		<i>Immediately following the Capital Raise ⁽²⁾</i>	
	<i>Number of Ordinary Shares¹</i>	<i>Percentage of Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Ordinary Shares⁽²⁾</i>
<i>Directors⁽³⁾</i>				
Andrew Allner	53,954	0.0%	199,640	0.0%
Alan Lovell	20,000	0.0%	170,000	0.0%
Steve Francis ⁽⁴⁾	N/A	N/A	500,000	0.0%
Kath Kearney-Croft	N/A	N/A	66,666	0.0%
Ian Ashton	N/A	N/A	166,666	0.0%
Simon King	N/A	N/A	166,666	0.0%
<i>Senior Management</i>				
Julien Monteiro	N/A	N/A	150,000	0.0%
Marcin Szczygiel	4,589	0.0%	64,589	0.0%
Ronald Hoozemans	N/A	N/A	102,053	0.0%
Kevin Windle	N/A	N/A	26,666	0.0%
Philip Johns	N/A	N/A	333,333	0.0%
Clare Taylor	N/A	N/A	58,333	0.0%
Andrew Watkins	10	0.0%	116,676	0.0%
Kulbinder Dosanjh	5	0.0%	55,005	0.0%

Notes:

- (1) Being the latest practicable date before publication of this Prospectus.
- (2) Percentage of Ordinary Shares immediately following Admission. Assuming that: (i) all of the New Ordinary Shares in relation to the Capital Raise are issued; and (ii) no further Ordinary Shares are issued as a result of the vesting or exercise of any awards under the Share Plans between the date of this Prospectus and Admission.
- (3) Ian Ashton has been appointed as permanent Chief Financial Officer and Director and Simon King has been appointed as a Non-Executive Director with effect from 1 July 2020.

(4) Pursuant to the terms of the Subscription Letter entered into by Steve Francis, his subscription for 500,000 New Ordinary Shares is conditional on approval from shareholders at the General Meeting of the Additional Resolution as set out in the Notice of General Meeting.

6.2. *Directors' and Senior Management's participation in the Capital Raise*

Certain Directors and members of the Senior Management have entered into subscription letters dated on or before the date of this Prospectus (**Subscription Letters**) pursuant to which they have agreed to subscribe for New Ordinary Shares in connection with the Capital Raise at the Issue Price, conditional upon Admission. The following table sets out the number of New Ordinary Shares which the Directors and members of the Senior Management have agreed to subscribe for pursuant to the Subscription Letters:

<i>Name</i>	<i>Number of New Ordinary Shares subscribed for</i>
<i>Directors⁽¹⁾</i>	
Andrew Allner	146,046
Alan Lovell	150,000
Steve Francis ⁽²⁾	500,000
Kath Kearney-Croft	66,666
Ian Ashton	166,666
Simon King	166,666
<i>Senior Management</i>	
Julien Monteiro	150,000
Marcin Szczygiel	60,000
Ronald Hoozemans	102,053
Kevin Windle	26,666
Philip Johns	333,333
Clare Taylor	58,333
Andrew Watkins	116,666
Kulbinder Dosanjh	55,000

(1) Ian Ashton has been appointed as permanent Chief Financial Officer and Director and Simon King has been appointed as a Non-Executive Director with effect from 1 July 2020.

(2) Pursuant to the terms of the Subscription Letter entered into by Steve Francis, his subscription for 500,000 New Ordinary Shares is conditional on approval from shareholders at the General Meeting of the Additional Resolution as set out in the Notice of General Meeting.

6.3. *Share Plans*

The following tables and paragraphs set out details of the share awards expected to be held by the Directors and members of the Senior Management as at close of business on 18 June 2020 (being the latest practicable date before the date of publication of this Prospectus) under the Share Plans (described in paragraph 8 (“*Employee Share Plans*”) of this Part 16) and as they are expected to be immediately following Admission.

6.3.1. *MIP*

The following members of the Senior Management hold awards over the following numbers of Ordinary Shares under the SIG plc Management Incentive Plan:

<i>Name</i>	<i>Date of grant</i>	<i>Number of Ordinary</i>	<i>Exercise price (£)</i>	<i>Performance period</i>	<i>Exercise period</i>
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		<i>Shares subject to award</i>			
Ronald Hoozemans	10 October 2019	15,129	nil	October 2019 – October 2022	N/A
Kevin Windle	10 October 2019	7,473	nil	October 2019 – October 2022	N/A
Clare Taylor	1 October 2018	29,572	nil	October 2018 – October 2021	N/A
	21 March 2019	30,689	nil	March 2019 – March 2022	N/A
Andrew Watkins	10 October 2019	9,174	nil	October 2019 – October 2022	N/A
Marcin Szczygieł	16 May 2018	18,191	nil	May 2018 – May 2021	N/A
	21 March 2019	17,260	nil	March 2019 – March 2022	N/A
	21 March 2019	18,048	nil	March 2019 – March 2021	N/A

MIP Share Awards normally vest, subject to the satisfaction of any applicable conditions (which are stated at the date of grant), on the date specified at grant, provided that the participant is still employed by the Group at that time. Where the MIP Share Award is granted in the form of an option, once the option has vested, it becomes exercisable (in whole or in part) and normally remains exercisable until the end of the exercise period stated at the time of grant.

6.4. Significant Shareholders

Insofar as it is known to the Company by virtue of the notifications made pursuant to the Companies Act and/or Chapter 5 of the Disclosure Guidance and Transparency Rules, the name of each person (other than a Director) who directly or indirectly is interested in voting rights representing 3% or more of the total voting rights in respect of the Company's issued share capital, and the amount of such person's holding, is as follows:

<i>Name</i>	<i>As at 12 June 2020⁽¹⁾</i>		<i>Immediately following the Capital Raise⁽²⁾</i>	
	<i>Number of Ordinary Shares</i>	<i>Percenta ge of Ordinar y Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percenta ge of Ordinary Shares</i>
IKO Enterprises Limited.....	87,461,710	14.8%	174,743,804	14.8%
Aberforth Partners LLP	69,449,417	11.7%	131,811,771	11.2%
UBS Asset Management.....	37,817,574	6.4%	68,271,967	5.8%
MFS Investment Management.....	24,803,328	4.2%	43,004,160	3.6%
Dimensional Fund Advisors	22,473,577	3.8%	28,091,971	2.4%
Tellworth Investments	19,697,175	3.3%	24,621,468	2.1%
Vanguard Group	19,187,186	3.2%	23,983,982	2.0%

Notes:

- (1) Being the latest available date before publication of this Prospectus.
- (2) Assuming that: (i) all of the New Ordinary Shares in relation to the Capital Raise are issued; (ii) no further Ordinary Shares are issued as a result of the vesting or exercise of any awards under the Share Plans between the date of this Prospectus and Admission; and (iii) all of the Shareholders listed in the table above take up their Open Offer Entitlements in full and no Ordinary Shares are clawed back to satisfy valid applications under the Open Offer.

Save as disclosed in this paragraph 6.3, the Company is not aware of any holdings of any person (other than a Director) of voting rights (within the meaning of Chapter 5 of the Disclosure Guidance and Transparency Rules) representing 3% or more of the voting rights in respect of the issued ordinary share capital of the Company as at 18 June 2020 (being the latest practicable date before the date of publication of this Prospectus).

There are no differences between the voting rights enjoyed by the Shareholders described above and those enjoyed by any other Shareholder in the Company.

As at 18 June 2020 (being the latest practicable date before the date of publication of this Prospectus), the Company was not aware: (i) of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control or ownership over the Company; or (ii) of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

7. REMUNERATION AND BENEFITS

7.1. *Executive Directors' service contracts*

7.1.1. *General terms*

Steve Francis was appointed to the position of CEO on a permanent basis on 24 April 2020, but had been acting as interim-CEO since 25 February 2020. The CEO's salary is £540,000 per annum, payable in arrears on a monthly basis (subject to upward review by the Remuneration Committee). The Company operates a discretionary bonus scheme and, in 2020, the CEO shall have the potential to earn a maximum of up to 150% of his basic salary as a bonus for the year ended 31 December 2020. The CEO is eligible to participate in the LTIP, subject to and in accordance with the plan rules and the determination of the Remuneration Committee. Subject to approval of Shareholders, the CEO can be granted a one-off award over restricted shares (pursuant to a restricted share agreement). For the financial year commencing 1 January 2021, the Remuneration Committee may determine that, instead of the CEO participating in the LTIP, the CEO should be granted an award over restricted shares in the Company on such terms as are consistent with the Company's most recent Remuneration Policy approved by members of the Company pursuant to section 439A of the Companies Act 2006 or which are separately approved by resolution of the members of the Company as a revision of the policy. The full terms of any such award of restricted shares shall be set out in a restricted shares agreement. The CEO is entitled to an annual car allowance of £15,000, and has elected to receive a 5% of salary cash alternative to participation in the Company's pension scheme (subject to adjustment by the Remuneration Committee). This pension allowance will not be taken into account for calculating any eligibility for or entitlement to any bonus or incentive or other remuneration or benefit of any kind. In addition, the Company shall reimburse all reasonable travelling, hotel, home and mobile telephone, entertainment and other expenses properly incurred by him in the performance of his duties under her service contract, provided that these are claimed in accordance with the Company's expenses reporting procedure from time to time. The CEO is entitled to participate in the Company's life insurance, private medical insurance and permanent health insurance schemes and to payment in lieu of participation should he elect not to so participate in certain such schemes (£2,996 per annum in respect of life assurance and £1,125 per annum in respect of private medical insurance).

The Board has recommended that, subject to Shareholder approval at the General Meeting and conditional on completion of the Capital Raise, Steve Francis should receive a one-off payment of £375,000 (the **One-Off Payment**). If the Additional Resolution is passed, Mr. Francis has agreed to invest £150,000 of his own money in New Ordinary Shares as part of the Capital Raise. Mr Francis joined the Company as interim-CEO on 25 February 2020 on an initial contract to 31 December 2020. His remuneration included the opportunity to earn a bonus of up to 150% of salary based on the achievement of certain objectives. He was appointed permanent CEO on 24 April 2020. During his time with the Company he has developed a compelling new strategy for the Group, significantly strengthened the top team with the appointment of new Managing Directors for the UK and Germany and helped in the recruitment of a new Group CFO (Ian Ashton), and

will have successfully led the company through the Capital Raise (including the CD&R Investment and gaining the support of IKO). As a result the Company will be financially more soundly based and in a position to execute its new growth strategy, thus providing the opportunity for significant shareholder value creation. The investment by Mr. Francis of £150,000 would mean that he would be investing a very meaningful proportion of the net payment amount in shares in the Company, thus further aligning himself with Shareholder interests. Shareholder approval is required and is being sought by way of an ordinary resolution, as the One-off Payment would be outside the terms of the Directors' Remuneration Policy approved by Shareholders on 7 November 2018. The additional resolution, if passed, will give the Directors authority to make the One-off Payment.

Kath Kearney-Croft was appointed as interim-CFO of the Group on 25 February 2020 and such appointment shall continue, subject to the terms of her service contract with the Company or as otherwise agreed in writing, until the earlier of 31 December 2020 and the expiry of three months' notice by either party. The Company has announced that Ian Ashton will be appointed as CFO from 1 July 2020 and Ms. Kearney-Croft's appointment as interim-CFO will end at that time. Pursuant to her service contract, the interim-CFO's salary is £371,000 per annum, payable in arrears on a monthly basis, with potential to earn a bonus of up to a maximum of 100% of her basic salary for achievement of specific business objectives. In addition, the Company shall reimburse all reasonable travelling, hotel, home and mobile telephone, entertainment and other expenses properly incurred by her in the performance of her duties under her service contract, provided that these are claimed in accordance with the Company's expenses reporting procedure from time to time.

Ian Ashton has agreed to be appointed as CFO of the Company from 1 July 2020 and his employment shall continue once commenced until the expiry of not less than 6 months' prior written notice given by either party. His salary will be £375,000 per annum (or such rate as the Remuneration Committee may from time to time determine and confirm in writing to him). He will be granted a bonus opportunity for the financial year beginning 1 January 2020 with a target bonus of up to 50% of his base salary and a maximum of 100% of such base salary. Any bonus payable for such period will be pro-rated according to his period of employment within that financial period. If his employment is terminated by the Company in certain circumstances, the Company (acting reasonably and in good faith) shall consider paying him a pro rata bonus reflecting the proportion of the then current bonus year he has completed (together with any unpaid bonus for the prior completed bonus year). Any payments are subject to the approval of the Remuneration Committee. The CFO will be eligible to participate in the LTIP for the financial year commencing 1 January 2021 and subsequent financial years and may be given the opportunity (subject to shareholder approval) to receive a restricted share award. The Remuneration Committee may determine that, instead of the CFO participating in the LTIP, the CFO should be granted an award over restricted shares in the Company on such terms as are consistent with the Company's most recent Remuneration Policy approved by members of the Company pursuant to section 439A of the Companies Act 2006 or which are separately approved by resolution of the members of the Company as a revision of the policy. The full terms of any such award of restricted shares shall be set out in a restricted shares agreement. The CFO is entitled to an annual car allowance of £15,000, and has elected to receive a 5% of salary cash alternative to participation in the Company's pension scheme (subject to adjustment by the Remuneration Committee). This pension allowance will not be taken into account for calculating any eligibility for or entitlement to any bonus or incentive or other remuneration or benefit of any kind. In addition, the Company shall reimburse all reasonable travelling, hotel, home and mobile telephone, entertainment and other expenses properly incurred by him in the performance of his duties under his service contract, provided that these are claimed in accordance with the Company's expenses reporting procedure from time to time. The CFO is entitled to participate in the Company's life insurance, private medical insurance and permanent health insurance schemes and to payment in lieu of participation should he elect not to so participate in certain such schemes (£1,941.80 per annum in respect of life assurance and £1,125 per annum in respect of private medical insurance).

Each of the Executive Directors are subject to restrictive covenants in respect of the Company's interests, and shall not, among other things and for 9 months from the termination of his/her employment (other than

where the service contract is terminated by the Company in repudiatory breach of its terms), carry on or be interested in a competing business (other than *de minimis* interests in listed securities), act as a consultant, employee or worker in a competing business or a prospective competing business (being a business in any of England, Wales, Scotland, Northern Ireland, Ireland, France, Germany, Poland, Belgium, Luxembourg and/or any other country in which the Company or its subsidiaries or associates as at such termination date carries on or proposes to carry on (in the immediate or foreseeable future) any business which wholly or partly competes or proposes to compete with any business at which the Company or its subsidiaries or associates proposes to carry on in any such country, save for such business in relation to which the relevant Executive Director did not possess material confidential information as at such termination date). Each Executive Director also agrees, for a period of 9 months from the relevant termination date, not to directly or indirectly accept orders for or supply or cause orders to be accepted for the supply of goods or services of the same type as or similar to or competitive with the Group's goods and services as at the relevant termination date which the relevant Executive Director was involved in to any material extent at any time during the preceding 12 months. Each Executive Director also agrees, for such 9 month period, not to solicit, canvass, approach or cause to be solicited, canvassed or approached any: (i) customer of the Group during the 12 months preceding the relevant termination date or in relation to whom the relevant Executive Director possessed a material amount of identical information; (ii) person negotiating with the Group in relation to supply of goods or services at any time during the 6 months up to and including the relevant termination date and with whom the relevant Executive Director dealt with at any time during such negotiations or in relation to whom the relevant Executive Director possessed a material amount of confidential information as at the relevant termination date; (iii) supplier of goods or services at any time in the 12 months up to and including the relevant termination date and with whom the Executive Director possessed a material amount of confidential information where it is reasonably likely that such soliciting, canvassing or approaching would, if successful, materially prejudice the ability of the Group to procure or the terms on which it is able to procure the supply of such goods or services; and/or (iv) employees of the Group with whom the Executive Director worked at any time in the 12 months up to the relevant termination date or who possesses a material amount of confidential information or could solicit customers or suppliers of the Group. In the event that the relevant Executive Director is placed on garden leave the Company may decide that the period of any such garden leave shall be deducted from the period of these restrictions.

The Executive Directors' service contracts also place obligations upon them in respect of confidential information (and maintaining its confidentiality), share dealings and interests in other businesses and the Group's intellectual property, as well as containing market standard contractual provisions for positions of this nature.

7.1.2. Termination provisions

The CEO's employment may be terminated by either the Company or the CEO with 6 months' notice.

The interim-CFO's employment may be terminated by either the Company or the interim-CFO with 3 months' notice, and ends on 31 December 2020, if not terminated earlier.

The incoming CFO's employment, once commenced, be terminated by either the Company or the CFO with 6 months' notice.

Notwithstanding these agreed notice periods, the Company may terminate the employment of an Executive Director with immediate effect by giving summary notice if the Executive Director commits a repudiatory breach of its service contract or if the Board reasonably considers that certain events have occurred, including (but not limited to): (i) the Executive Director committing a serious or persistent breach of the service contract; (ii) the Executive Director being guilty of conduct (whether or not related to his/her employment or office) likely to bring the Company or him/herself into disrepute (in the opinion of the Board); (iii) failure, neglect or refusal to carry out any duties properly assigned to him/her; (iv) becoming bankrupt or compounding with creditors; (v) committing any serious or persistent breach of the Company's equal opportunity, health and safety or similar policy in force from time to time; (vi) being disbarred or disqualified

from professional, regulatory or other bodies or authorities; and (vii) commission of a criminal offence (other than minor traffic offences). Provisions for suspension, investigations of complaints and alleged misconduct and dismissal due to incapacity are also included in the service contracts for the Executive Directors. Upon termination, the Executive Director must resign from all offices and appointments held by him/her, transfer any trustee/nominee shareholdings to the Company, deliver documents and correspondence to the Company upon request and delete confidential information from devices as the Company may request.

Upon termination, each Executive Director may be entitled to payment of salary in lieu of notice (excluding bonus) for any unexpired portion of his/her notice period, unless the Company would otherwise have been entitled to terminate the relevant Executive Director's employment without notice where a specified event (as outlined above, among others) has occurred. Any such payment shall be accepted by the relevant Executive Director in full and final settlement of claims against the Company. The discretion to terminate an Executive Director's employment shall not preclude the Company from exercising any other right which it may have to terminate an Executive Director's employment or by otherwise dismissing him/her without notice and paying such compensation as may be agreed or otherwise determined by a court of law.

Where notice of termination is given by the Executive Director or the Company (as applicable) or where the Executive Director resigns without notice and the Company does not accept his/her resignation, the Company may in its discretion place the Executive Director on garden leave on full salary.

7.2. Non-executive Directors' terms of appointment

7.2.1. General terms

The Non-Executive Directors do not have service contracts but are appointed as Non-Executive Directors of the Company, subject to the Articles, pursuant to letters of appointment. The Non-Executive Directors have agreed terms of appointment with the Company as follows:

Name of Director	Date of initial appointment	Date of expiry of current appointment period
Andrew Allner	1 November 2017	November 2023
Alan Lovell	1 August 2018	May 2021
Kate Allum	1 July 2019	May 2022
Ian Duncan	1 January 2017	January 2023
Gillian Kent	1 July 2019	May 2022
Simon King*	1 July 2020	May 2023

*Simon King will be appointed as a Non-Executive Director with effect from 1 July 2020

Set out below are the annual fees currently payable:

Role	Annual fee (£)
Chairman	218,255
Non-executive Director	60,900
Senior Independent Director	10,000
Chairmanship of Board Committee	12,000

Note: Effective from 1 April 2020, the Board agreed that all Board members would accept a 50% Reduction in fees effective from 1 April 2020 for a period of three months (subject to review).

7.2.2. Termination provisions

The Company's policy is that Non-Executive Directors are appointed for specific terms of three years unless otherwise terminated earlier in accordance with the Articles or by, and at the discretion of, either party upon three months' written notice. Non-Executive Director appointments are reviewed at the end of each three-year term. Non-Executive Directors will normally be expected to serve two three-year terms, although the Board may invite them to serve for an additional period.

The appointments of each of the Non-Executive Directors can be terminated upon three months' notice by either the Company or the relevant non-executive Director. Continuation of each non-executive Director's appointment is also contingent on satisfactory performance, relevant statutory provisions relating to removal of directors and re-election at each annual general meeting of the Company.

The Non-Executive Directors' letters of appointment are available to view at the Company's registered office

7.3. *Directors' remuneration*

Under the terms of their respective service agreements, letters of appointment and applicable incentive plans, the remuneration and benefits to the Directors of the Company, in respect of the year ended 31 December 2019, were as follows:

Name of Director ¹	Base Salary/fees (including any Committee Chair / Senior Independent Director fees)	Taxable benefits	Pension	Total
	(£'000)	(£'000)	(£'000)	(£'000)
Meinie Oldersma ²	577.0	24.0	87	688.0
Nicholas Maddock ²	371.0	21.0	56	448.0
Andrew Allner	217.0	—	—	217.0
Alan Lovell	71.0	—	—	71.0
Andrea Abt ³	61.0	—	—	61.0
Kate Allum ⁴	36.0	—	—	36.0
Ian Duncan	73.0	—	—	73.0
Gillian Kent ⁴	30.0	—	—	30.0
Janet Ashdown ⁵	25.0	—	—	25.0
C.M.P. Ragoucy ⁶	30.0	—	—	30.0

Notes:

- 1) Steve Francis and Kath Kearney-Croft were appointed on 25 February 2020 so are not included within the figures for the year ended 31 December 2019.
- 2) Meinie Oldersma (CEO) and Nicholas Maddock (CFO) resigned on 24 February 2020.
- 3) Andrea Abt resigned on 12 February 2020.
- 4) Kate Allum and Gillian Kent were appointed on 1 July 2019.
- 5) Ms J.E. Ashdown retired as a Director and Chair of the Remuneration Committee on 8 May 2019.
- 6) Mr C.M.P. Ragoucy was appointed a NED on 1 August 2018 and retired from this role on 30 June 2019.

7.4. *No conflicts*

There are no potential conflicts of interest between each of the Directors' duties to the Company and their respective private interests and any other duties. No Director or officer has a family relationship with any other Director or officer. There is no interest, including any conflicting interest that is material to the Company.

7.5. *Senior Management's remuneration*

The aggregate amount of remuneration paid (including any contingent or deferred compensation) and all benefits in kind granted to Senior Management (excluding the Executive Directors) by the Company and its subsidiaries for services in all capacities for the financial year ended 31 December 2019 was £2.0 million (excluding Philip Johns who was not a member of Senior Management in 2019). This amount accounts for base salary, cash bonus, pension, retirement or similar benefits, medical insurance, group income protection, group life assurance, car allowance, health assessments and expenses allowances and has, in respect of certain members of Senior Management, been converted from local currencies at an average GBP exchange rate as at 31 December 2019, being 1 GBP to 1.1762 EUR and 1 GBP to 5.0034 PLN. The Company is not required to, and does not otherwise, disclose publicly remuneration for Senior Management on an individual basis.

7.6. Other arrangements

Other than as described in paragraphs 7.1 (“*Executive Directors' service contracts*”), 7.2 (“*Non-executive Directors' terms of appointment*”) and 7.3 (“*Directors' remuneration*”) of this Part 16, no benefit, payment or compensation of any kind is payable to any Director or member of Senior Management upon termination of his or her employment.

8. EMPLOYEE SHARE PLANS

The Company operates the following employee share plans:

- the SIG plc Employee Share Incentive Plan (the **SIP**);
- the SIG plc 2018 Management Incentive Plan (the **MIP**);
- the SIG plc 2018 Bonus Scheme (the **Bonus Plan**);
- the SIG plc 2018 Long Term Incentive Plan (the **LTIP**); and
- the SIG plc Deferred Share Bonus Plan (the **DSBP**),

(together referred to as the **Share Plans**.)

A summary of the key provisions of each of the Share Plans is set out below.

After completion of the equity raise, the Board plans to consult with Shareholders on amendments to the directors’ remuneration policy, specifically with respect to long term incentive plan arrangements.

8.1. SIP

8.1.1. Introduction

The SIP is a share incentive plan under which eligible employees can acquire Ordinary Shares on a tax-favoured basis (**SIP Awards**). The Board determines which employees are granted SIP Awards and what type of SIP Awards are granted.

8.1.2. Eligibility

All employees of the Group who are UK resident taxpayers are eligible and invited to participate in the SIP, provided they have been employed for a qualifying period determined by the Board (which may not exceed 18 months). An employee is not eligible to participate if, in any tax year, the employee participates at the same time in another tax-advantaged share incentive plan.

8.1.3. Operation of the SIP

The Board operates the SIP in a number of ways. It can:

- (a) award free shares (**Free Shares**); and/or
- (b) give employees the opportunity to acquire partnership shares (**Partnership Shares**); and
- (c) award matching shares (**Matching Shares**) to employees who acquire Partnership Shares; and/or
- (d) require or allow employees to re-invest dividends paid on their Free Shares, Partnership or Matching Shares in further Ordinary Shares (**Dividend Shares**, together with the Free Shares, Partnership Shares and Matching Shares, the **SIP Shares**).

The SIP operates through a trust, which acquires Ordinary Shares by purchase or subscription and holds the SIP Shares on behalf of participants.

8.1.4. Limits on the Issue of Ordinary Shares

The number of Ordinary Shares issued to the trustee under the SIP on any day must not, when added to the aggregate number of Ordinary Shares which have been allocated in the previous 10 years under the SIP and the other Share Plans operated by the Company, exceed 10% of the Ordinary Share capital of the Company in issue at that time.

Shares issued out of treasury under the SIP will count towards these limits for so long as this is required under institutional shareholder guidelines. For the purposes of these limits, no account is taken of any Ordinary Shares where the award has been released or lapsed without being exercised. Any Ordinary Shares acquired by market purchase by, or for the purpose of, a Share Plan operated by the Company is not “allocated” for this purpose.

8.1.5. Free Shares

The SIP provides that each participant may be granted Free Shares worth up to the statutory maximum (currently £3,600) each year. Performance targets imposed are based on business results (or other objective criteria) and fair and objective measures of the performance of the relevant corporate unit (of which no participant is a member of more than one). Otherwise, Free Shares are awarded to employees on the same terms, although SIP Awards may be directly proportional to a participant’s remuneration from, length of service with, or number of hours worked for, any company within the Group participating in the SIP. Free Shares are held in a trust for the period specified by the Board of between three and five years. If a participant ceases employment within three years from the grant of the SIP Award, the Free Shares cease to be subject to the SIP and may be forfeited as determined by the Board.

8.1.6. Partnership Shares

Participants may be offered the opportunity to purchase Partnership Shares out of pre-tax salary contributions up to the maximum set by the legislation (currently £1,800, or 10% of salary if less). The Company may set a minimum salary deduction on any occasion (which currently may not be greater than £10), and a maximum salary deduction. The Partnership Shares may be acquired immediately or the salary contributions accumulated for any period of up to 12 months before they are used to buy Partnership Shares. The Board may scale down applications for Partnership Shares relative to any limit on the number which may be acquired and the contribution limits prescribed in any application. Partnership Shares can be withdrawn from the SIP by the participant at any time and are not subject to forfeiture provisions.

8.1.7. Matching Shares

Where participants acquire Partnership Shares, they may be awarded Matching Shares by the Company, up to a current statutory maximum of two Matching Shares for each Partnership Share. An award of Matching Shares is not subject to performance targets. Matching Shares are always of the same class and carry the same rights as the corresponding Partnership Shares. Each SIP Award consisting of Matching Shares is subject to a holding period of not less than three years nor more than five years (or any other period required by the relevant legislation from time to time), from the grant date of the SIP Award and which is the same for all participants who receive a SIP Award at the same time. If a participant ceases employment or a participant withdraws their corresponding Partnership Shares within three years of purchase or such other forfeiture period applicable to the Matching Shares as determined by the Board, the Matching Shares cease to be subject to the SIP and may be forfeited.

8.1.8. Dividend Shares

The Board may determine that some or all of the cash dividends paid in respect of SIP Shares held on behalf of participants must, or may at the election of the participant, be used to acquire Dividend Shares on their behalf. Where dividends paid in respect of SIP Shares are not reinvested as Dividend Shares, they are paid to participants as soon as practicable. Dividend Shares are subject to a three year holding period, but are not subject to forfeiture. The Board may impose a limit on the amount of dividends which may be reinvested as Dividend Shares to be held on behalf of any participant, although there is no statutory maximum.

8.1.9. Cessation of Employment

In general, and subject to any applicable forfeiture provisions, if a participant ceases employment with the Group, their SIP Shares will cease to be subject to the SIP.

Participants will not be liable to income tax or National Insurance contributions on their Ordinary Shares ceasing to be subject to the SIP on leaving employment on account of injury or disability, redundancy, by reason of a transfer to which the Transfer of Undertakings (Protection of Employment) Regulations 2006 applies, the company by which the participant is employed ceasing to be an associated company of the Company, retirement or the participant's death.

8.1.10. Amendments

The Board may amend the rules of the SIP, provided that no amendment to the advantage of participants or employees is made to the provisions relating to who is eligible to participate in the SIP, the limit on the aggregate number of Ordinary Shares over which SIP Awards may be granted, the limit on the number of Ordinary Shares over which SIP Awards may be granted to any one participant, the price (if any) payable for any Ordinary Shares under a SIP Award, and adjustments upon a variation of capital, without the prior approval of the shareholders of the Company in general meeting, unless the amendment is minor and benefits the administration of the SIP, or is minor and necessary to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment.

An amendment may not modify to the disadvantage of any participant, any rights which have accrued to them under the SIP, before the date of such modifications.

8.1.11. Termination

The Company may resolve to terminate the SIP at any time. On termination, the trustee must remove each participant's SIP Shares from the SIP and transfer them or distribute the proceeds of their sale to the participants as soon as practicable.

8.2. MIP

8.2.1. Introduction

The MIP permits the grant of bonus-related awards (in the form of bonus awards and deferred bonus awards (the **MIP Bonus Awards**)) and share awards (in the form of options, conditional share awards, restricted share awards, and/or forfeitable share awards (the **MIP Share Awards**)) (together with the MIP Bonus Awards referred to as **MIP Awards**) over Ordinary Shares

8.2.2. Eligibility

All employees of the Group, excluding Directors, are eligible to participate in the MIP. The Board determines which employees are granted MIP Awards and what type of MIP Awards are granted.

8.2.3. Grant of MIP Share Awards

MIP Share Awards are normally granted within 42 days of: (i) the announcement of the Company's results for any period; (ii) a general meeting of the Company; or (iii) the lifting of any restrictions on dealing in Ordinary Shares. MIP Share Awards may also be granted at other times if the Board determines that there are sufficiently exceptional circumstances.

At the time of grant, the Board determines: (i) whether a MIP Share Award comprises an option, a conditional award or a forfeitable share award; (ii) the number of Ordinary Shares subject to a MIP Share Award; (iii) the MIP Share Award price (if any); (iv) the normal vesting date; and (v) other terms relating to the MIP Award as set out below.

8.2.4. Individual Limits

The maximum MIP Bonus Award made to a participant in any financial year must not exceed 100% of their basic salary. The maximum deferred MIP Share Award referable to any deferred MIP Bonus Award made to a participant in any financial year must not exceed 50% of their basic salary.

The number of Ordinary Shares subject a MIP Share Award designated as a "Deferred MIP Share Award" is calculated by dividing the amount of the MIP Bonus Award to be deferred and granted as a Deferred MIP Share Award by the average market value of an Ordinary Share (measured over the last month of the financial year to which the MIP Bonus Award relates).

A MIP Share Award designated as a "Restricted MIP Share Award" is only granted if on the proposed date of grant, the market value of the Ordinary Shares subject to a participant's Restricted MIP Share Award, when aggregated with the market value of the Ordinary Shares subject to any other Restricted MIP Share Award granted to the participant in the same financial year, does not exceed 50% of their annual basic salary.

8.2.5. Satisfying MIP Share Awards

No Ordinary Shares are issued or transferred out of treasury to satisfy MIP Share Awards granted under the MIP, as the MIP has not been approved by the Company in a general meeting of shareholders.

8.2.6. Conditions

The payment of a MIP Bonus Award or the vesting of a MIP Share Award, is subject to the satisfaction of conditions, which are stated at the date of grant. The Board determines any condition that will apply and whether and to what extent any condition has been met.

If an event occurs which causes the Board to consider that a condition is no longer appropriate, the Board may substitute, vary or waive any condition in such manner that is reasonable and (except in the case of

waiver), produces a fairer result that is not materially less difficult to satisfy than if the event had not occurred.

8.2.7. Determination of MIP Bonus Award

As soon as practicable following the end of the relevant financial year, the Board determines the extent to which conditions imposed on a MIP Bonus Award have been satisfied and determines the amount of any bonus payable. The payment of the bonus to the participant is made as soon as practicable thereafter, provided that the participant is still employed by the Group at that time.

8.2.8. Normal Vesting

MIP Share Awards normally vest, subject to the satisfaction of any applicable conditions, on the date specified at grant, provided that the participant is still employed by the Group at that time. The Ordinary Shares in respect of which a conditional share award has vested are delivered to the participant within 30 days of vesting. On the vesting of a forfeitable share award, the restrictions set out in the relevant forfeitable share agreement cease to apply. Once an option has vested, it becomes exercisable (in whole or in part) and normally remains exercisable until the end of the exercise period stated at the time of grant. The Ordinary Shares in respect of which an option has been exercised are delivered to the participant within 30 days of the date of exercise.

The Board may determine that a participant will receive a cash payment equal to the value of the Ordinary Shares that would have been received instead of Ordinary Shares, or the net (after tax) number of Ordinary Shares following the vesting of a MIP Share Award.

Where the vesting of a MIP Share Award is prevented by any dealing restriction, the vesting is delayed until the dealing restriction no longer prevents it.

8.2.9. Malus

At (or at any time before) the time of determination of a MIP Bonus Award, or the vesting of a MIP Share Award, the Board may reduce (including to zero) the bonus payable or the number of Ordinary Shares subject to a MIP Share Award (as relevant), in circumstances where the Board determines such action is justified.

8.2.10. Clawback

At any time within two years from the date a MIP Bonus Award is determined by the Board, or within two years from the date that a MIP Share Award vests, the Board may require the repayment of a cash amount or number of Ordinary Shares received in respect of the applicable MIP Award, in circumstances where the Board determines such action is justified.

Where clawback applies and a MIP Share Award takes the form of an option that the participant has not exercised in full, the Board may reduce (including to zero) the number of Ordinary Shares subject to the option.

8.2.11. Holding Period

Following the vesting of a MIP Share Award, Ordinary Shares subject to the MIP Share Award may be subject to a holding period (as determined at the time of grant), during which they may not be transferred, assigned or otherwise disposed of. Where a holding period applies in respect of a MIP Share Award, the Ordinary Shares are delivered to a trustee or nominee, and held for the benefit of the participant, until the end of the holding period.

8.2.12. Dividends

The Board may determine at the time of grant that a MIP Share Award may include the right to receive a number of Ordinary Shares or cash on or following vesting equal in value to the dividends payable on the Ordinary Shares in respect of which their MIP Share Award has vested, from the date of grant to the vesting date.

8.2.13. Cessation of Employment

If a participant ceases to be employed by the Group before the determination of their MIP Bonus Award or vesting of their MIP Share Award, by reason of death (only in the case of a MIP Bonus Award), injury, ill-health, disability, redundancy, retirement, because of the sale of the participant's employing company or business out of the Group, or for any other circumstance determined by the Board, any MIP Bonus Award is delivered as if the participant has not ceased to be employed, and any MIP Share Award vests on its normal vesting date (unless the Board decides otherwise). In the case of an option, the option remains exercisable six months from the participant's cessation, or if later, the vesting date, after which it lapses.

If a participant dies before their MIP Share Award vests, their MIP Share Award vests immediately to the extent determined by the Board. In the case of an option, the participant's personal representative is entitled to exercise the option within 12 months from vesting of the option, after which it lapses.

If a participant ceases to be employed by the Group for any other reason, their MIP Award lapses immediately on their cessation.

If a participant ceases to be employed by the Group (other than for gross misconduct) after the relevant financial year but before the delivery of the relevant MIP Bonus Award, the Board may in its absolute discretion determine that the participant remains eligible for the delivery of the relevant bonus payment.

8.2.14. Corporate Events

If there is a change of control or winding-up of the Company, any outstanding MIP Bonus Awards will be determined by the Board on or as soon as practicable after the relevant event, and paid as cash (including a deferred bonus) as soon as practicable thereafter.

If there is a change of control or winding-up of the Company, MIP Share Awards will normally vest at the time of, and options will normally be exercisable for a limited period following, the relevant event, after which they will lapse.

The Board may decide that MIP Bonus Awards will not be determined and paid, and MIP Share Awards will not vest, on the change of control or Company reorganisation or merger, but will, with the consent of the acquiring company, continue and be determined and paid at the usual time (in the case of a MIP Bonus Award), and be exchanged for equivalent awards over shares in the acquiring or another company (in the case of a MIP Share Award).

8.2.15. Extent of Vesting

If a MIP Bonus Award is determined or a MIP Share Award vests before its normal determination or vesting date (following a participant's cessation of employment or a change of control) the MIP Award may only be determined or vest to the extent that any conditions have been satisfied, and the amount of cash or number of Ordinary Shares in respect of which the MIP Award is determined or vests, is pro-rated to take account of the time elapsed between the date of grant and the date of the relevant event (unless the Board in its absolute discretion decides otherwise).

8.2.16. Adjustment

The Board may adjust the number and/or description of Ordinary Shares comprised in any MIP Share Award and, if appropriate, the exercise price of an option, in such manner as it may determine, to take account of any variation in the Ordinary Share capital of the Company.

8.2.17. Amendments

The Board may amend the rules of the MIP, provided that no amendment to the advantage of participants or employees is made to the provisions relating to who is eligible to participate in the MIP, the limit on the aggregate number of Ordinary Shares over which MIP Share Awards may be granted, the limit on the number of Ordinary Shares over which MIP Share Awards may be granted to any one participant, adjustments upon a variation of capital, and amendments to the MIP rules, without the prior approval of the shareholders of the Company in general meeting, unless the amendment is minor and benefits the administration of the MIP, or is minor and necessary to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment.

An amendment may not materially adversely affect the rights of existing participants unless the amendment is to take account of a matter that the Board reasonably considers is a legal or regulatory requirement which the Group must comply with, or where a majority of participants affected by the change has approved the amendment.

8.3. Bonus Plan

8.3.1. Introduction

The Bonus Plan is a cash bonus plan and a discretionary executive share plan under which a proportion of a participant's annual bonus is paid in cash (the **Cash Bonus**) and a proportion is deferred into an award over Ordinary Shares (the **Bonus Plan Award**). Bonus Plan Awards are granted in the form of nil-cost options, conditional share awards, and/or forfeitable share awards. No payment is required for the grant of a Bonus Plan Award (unless the Board determines otherwise).

8.3.2. Eligibility

All employees (including executive Directors) of the Group are eligible for selection to participate in the Bonus Plan, at the discretion of the Board.

8.3.3. Grant of Bonus Plan Awards

Bonus Plan Awards are normally granted within 42 days of: (i) the announcement of the Company's results for any period; (ii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the grant of the Bonus Plan Award at that time; or (iii) the lifting of any restrictions on dealing in Ordinary Shares.

At the time of grant, the Board determines: (i) whether a Bonus Plan Award comprises a nil-cost option, a conditional award or a forfeitable share award; (ii) the number of Ordinary Shares subject to the Bonus Plan Award (or basis on which the number will be calculated); (iii) the Bonus Plan Award price (if any); (iv) the normal vesting date; and (v) other terms relating to the Bonus Plan Award as set out below.

8.3.4. Individual Limits

The maximum total Cash Bonus and Bonus Plan Award deliverable under the Bonus Plan is 150% of a participant's annual base salary. The maximum Cash Bonus payable is 66.7% of a participant's annual base salary. The maximum Bonus Plan Award is 83.3% of a participant's annual base salary.

The Board determines the Cash Bonus to be delivered following the end of the relevant financial year.

8.3.5. Limits on the Issue of Ordinary Shares

The number of Ordinary Shares issued to participants under the Bonus Plan on any day must not, when added to the aggregate number of Ordinary Shares which have been allocated in the previous 10 years under the Bonus Plan and the other Share Plans operated by the Company, exceed 10% of the Ordinary Share capital of the Company in issue at that time.

In addition, the number of Ordinary Shares issued to participants under the Bonus Plan on any day must not, when added to the aggregate number of Ordinary Shares which have been allocated in the previous 10 years under the Bonus Plan and any other executive Share Plan operated by the Company (i.e. the LTIP), exceed 5% of the Ordinary Share capital of the Company in issue at that time.

Shares issued out of treasury under the Bonus Plan will not count towards these limits for so long as this is required under institutional shareholder guidelines. For the purposes of these limits, no account is taken of any Ordinary Shares where an award has been released or lapsed without being exercised.

8.3.6. Normal Vesting

Bonus Plan Awards normally vest on the date specified at grant, provided that the participant is still employed by the Group at that time. The Ordinary Shares in respect of which a conditional award has vested are delivered to the participant within 30 days of vesting. On the vesting of a forfeitable share award, the restrictions set out in the relevant forfeitable share agreement cease to apply. Once an option has vested, it becomes exercisable (in whole or in part) and normally remains exercisable until the end of the exercise period stated at the time of grant. The Ordinary Shares in respect of which an option has been exercised are delivered to the participant within 30 days of the date of exercise.

The Board may determine that a participant will receive a cash payment equal to the value of the Ordinary Shares that would have been received instead of Ordinary Shares, or the net (after tax) number of Ordinary Shares following the vesting of a Bonus Plan Award.

Where the vesting of a Bonus Plan Award is prevented by any dealing restriction, the vesting is delayed until the dealing restriction no longer prevents it.

8.3.7. Malus

At (or at any time before) the payment of a Cash Bonus, or the vesting of a Bonus Plan Award, the Board may reduce (including to zero) the Cash Bonus payable or the number of Ordinary Shares subject to a Bonus Plan Award (as relevant), in circumstances where the Board determines such action is justified.

8.3.8. Clawback

At any time within two years from the date a Cash Bonus is paid or a Bonus Plan Award vests, the Board may require the repayment of a cash amount or number of Ordinary Shares received in respect of the applicable Cash Bonus or Bonus Plan Award, in circumstances where the Board determines such action is justified.

Where clawback applies and a Bonus Plan Award takes the form of an option that the participant has not exercised in full, the Board may reduce (including to zero) the number of Ordinary Shares subject to the option.

8.3.9. Holding Period

Following the vesting of a Bonus Plan Award, Ordinary Shares subject to the Bonus Plan Award may be subject to a holding period (as determined at the time of grant), during which they may not be transferred, assigned or otherwise disposed of. Where a holding period applies in respect of a Bonus Plan Award, the Ordinary Shares are delivered to a trustee or nominee, and held for the benefit of the participant, until the end of the holding period.

8.3.10. Dividends

The Board may determine at the time of grant that a Bonus Plan Award may include the right to receive a number of Ordinary Shares or cash on or following vesting equal in value to the dividends payable on the Ordinary Shares in respect of which the Bonus Plan Award has vested, from the date of grant to the vesting date.

8.3.11. Cessation of Employment

If a participant ceases to be employed by the Group before the payment of their Cash Bonus or the vesting of their Bonus Plan Award by reason of death (only in the case the Cash Bonus), injury, ill-health or disability, redundancy, retirement, because of the sale of the participant's employing company or business out of the Group, or for any other circumstance determined by the Board, any Cash Bonus is delivered as if the participant has not ceased to be employed, and any Bonus Plan Award usually vests on its normal vesting date (unless the Board decides otherwise). In the case of an option, the option remains exercisable six months from the participant's cessation, or if later, the vesting date, after which it lapses.

If a participant dies before their Bonus Plan Award vests, their Bonus Plan Award vests immediately, to the extent determined by the Board (unless the Board decide otherwise). In the case of an option, the participant's personal representative is entitled to exercise the option within 12 months from vesting of the option, after which it lapses.

If a participant ceases to be employed by the Group for any other reason, their Cash Bonus or Bonus Plan Award lapses immediately on their cessation.

If a participant ceases to be employed by the Group (other than for gross misconduct) after the relevant financial year but before the delivery of the relevant Cash Bonus, the Board may in its absolute discretion determine that the participant remains eligible for the delivery of the relevant bonus payment.

8.3.12. Corporate Events

If there is a change of control or winding-up of the Company, any outstanding Cash Bonus will be determined by the Board on or as soon as practicable after the relevant event, and paid as cash or Ordinary Shares as soon as practicable thereafter.

If there is a change of control or winding-up of the Company, Bonus Plan Awards will normally vest at the time of (and options will normally be exercisable for a limited period following) the relevant event, after which they will lapse.

The Board may determine that Cash Bonuses will not be determined and paid, and Bonus Plan Awards will not vest or lapse on the change of control or Company reorganisation or merger, but will, with the consent of the acquiring company, continue and determined and paid at the usual time (in the case of a Cash Bonus) and be exchanged for equivalent awards over shares in the acquiring or another company (in the case of a Bonus Plan Award).

8.3.13. Extent of Vesting

If a Bonus Plan Award vests before its normal determination or vesting date (following a participant's cessation of employment or a change of control), the number of Ordinary Shares in respect of which the Bonus Plan Award vests, is pro-rated to take account of the time elapsed between the date of grant and the date of the relevant event (unless the Board in its absolute discretion decides otherwise).

8.3.14. Adjustment

The Board may adjust the number and/or description of Ordinary Shares comprised in any Bonus Plan Award and, if appropriate, the exercise price of an option, in such manner as it may determine, to take account of any variation in the Ordinary Share capital of the Company.

8.3.15. Amendments

The Board may amend the rules of the Bonus Plan, provided that no amendment to the advantage of participants or employees is made to the provisions relating to who is eligible to participate in the Bonus Plan, the limit on the aggregate number of Ordinary Shares over which Bonus Plan Awards may be granted, the limit on the number of Ordinary Shares over which Bonus Plan Awards may be granted to any one participant, adjustments upon a variation of capital, and amendments to the Bonus Plan rules, without the prior approval of the shareholders of the Company in general meeting, unless the amendment is minor and benefits the administration of the Bonus Plan, or is minor and necessary to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment.

An amendment may not materially adversely affect the rights of existing participants unless the amendment is to take account of a matter that the Board reasonably considers is a legal or regulatory requirement which the Group must comply with, or where a majority of participants affected by the change has approved the amendment.

8.4. LTIP

8.4.1. Introduction

The LTIP is a discretionary executive share plan which permits the Board to grant to eligible employees awards in the form of nil-cost options, conditional share awards, and/or forfeitable share awards (**LTIP Awards**). No payment is required for the grant of an LTIP Award (unless the Board determines otherwise).

8.4.2. Eligibility

All employees (including executive Directors) of the Group are eligible for selection to participate in the LTIP, at the discretion of the Board.

8.4.3. Grant of LTIP Awards

LTIP Awards are normally granted within 42 days of: (i) the announcement of the Company's results for any period; (ii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the grant of an LTIP Award at that time; or (iii) the lifting of any restrictions on dealing in Ordinary Shares.

At the time of grant, the Board determines: (i) whether an LTIP Award comprises an option, a conditional award, or a forfeitable share award; (ii) the number of Ordinary Shares subject to the LTIP Award (or basis on which the number will be calculated); (iii) the LTIP Award price (if any); (iv) the normal vesting date; and (v) other terms relating to the LTIP Award as set out below.

8.4.4. Individual Limits

The Board may grant LTIP Awards over Ordinary Shares to eligible employees with a maximum total market value in any financial year of up to 300% of the individual's annual base salary.

8.4.5. Limits of the Issue of Ordinary Shares

The number of Ordinary Shares issued to participants under the LTIP on any day must not, when added to the aggregate number of Ordinary Shares which have been allocated in the previous 10 years under the LTIP and the other Share Plans operated by the Company, exceed 10% of the Ordinary Share capital of the Company in issue at that time.

In addition, the number of Ordinary Shares issued to participants under the LTIP on any day must not, when added to the aggregate number of Ordinary Shares which have been allocated in the previous 10 years under the LTIP and any other executive Share Plan operated by the Company (i.e. the Bonus Plan), exceed 5% of the Ordinary Share capital of the Company in issue at that time.

Shares issued out of treasury under the LTIP will not count towards these limits for so long as this is required under institutional shareholder guidelines. For the purposes of these limits, no account is taken of any Ordinary Shares where an award has been released or lapsed without being exercised.

8.4.6. Performance Conditions

The vesting of LTIP Awards may be subject to the satisfaction of performance conditions which will be stated at the date of grant. The Board will determine any performance condition that will apply to an LTIP Award and whether and to what extent any performance condition has been met. The Board may adjust the level of vesting of an LTIP Award upwards or downwards if in its opinion the level of vesting resulting from the application of the existing performance condition is not a fair and accurate reflection of business performance.

Any performance condition may be varied, substituted or waived if the Board considers it appropriate, and provided that the Board considers the new performance condition is reasonable and not materially less difficult to satisfy than the original condition (except in the case of waiver).

8.4.7. Normal Vesting

LTIP Awards normally vest, on the date specified at grant, provided that the participant is still employed by the Group at that time. The Ordinary Shares in respect of which a conditional award has vested are delivered to the participant within 30 days of vesting. On the vesting of a forfeitable share award, the restrictions set out in the relevant forfeitable share agreement cease to apply. Once an option has vested, it becomes exercisable (in whole or in part) and normally remains exercisable until the end of the exercise period stated at the time of grant. The Ordinary Shares in respect of which an option has been exercised are delivered to the participant within 30 days of the date of exercise.

The Board may determine that a participant will receive a cash payment equal to the value of the Ordinary Shares that would have been received instead of Ordinary Shares, or the net (after tax) number of Ordinary Shares following the vesting of an LTIP Award.

Where the vesting of an LTIP Award is prevented by any dealing restriction, the vesting is delayed until the dealing restriction no longer prevents it.

8.4.8. Malus

At (or at any time before) the vesting of an LTIP Award (or exercise of an option), the Board may reduce (including to zero) the number of Ordinary Shares subject to the LTIP Award, in circumstances where the Board determines such action is justified.

8.4.9. Clawback

At any time within two years from the date an LTIP Award vests, the Board may require the repayment of a number of Ordinary Shares (or cash amount) received in respect of the LTIP Award, in circumstances where the Board determines such action is justified.

Where clawback applies and the LTIP Award takes the form of an option that the participant has not exercised in full, the Board may reduce (including to zero) the number of Ordinary Shares subject to the option.

8.4.10. Holding Period

Following the vesting of an LTIP Award, Ordinary Shares subject to the LTIP Award may be subject to a holding period (as determined at the time of grant), during which they may not be transferred, assigned or otherwise disposed of. Where a holding period applies in respect of an LTIP Award, the Ordinary Shares are delivered to a trustee or nominee, and held for the benefit of the participant, until the end of the holding period.

8.4.11. Dividends

The Board may determine at the time of grant that an LTIP Award may include the right to receive a number of Ordinary Shares or cash on or following vesting equal in value to the dividends payable on the Ordinary Shares in respect of which the LTIP Award has vested, from the date of grant to the vesting date.

8.4.12. Cessation of Employment

If a participant ceases to be employed by the Group before the vesting of their LTIP Award by reason of injury, ill-health, disability, redundancy, retirement, because of the sale of the participant's employing company or business out of the Group, or for any other circumstance determined by the Board, any LTIP Award vests on its normal vesting date and any performance condition will be considered at the time of vesting (unless the Board decides otherwise). In the case of an option, the option remains exercisable six months from the participant's cessation, or if later, the vesting date, after which it lapses.

If a participant dies before their LTIP Award vests, their LTIP Award vests immediately to the extent determined by the Board. In the case of an option, the participant's personal representative is entitled to exercise the option within 12 months from vesting of the option, after which it lapses.

If a participant ceases to be employed by the Group for any other reason, their LTIP Award lapses immediately on their cessation.

8.4.13. Corporate Events

If there is a change of control or winding-up of the Company, LTIP Awards will normally vest at the time of (and options will normally be exercisable for a limited period following) the relevant event, after which they will lapse.

The Board may determine that LTIP Awards will not vest or lapse on the change of control or Company reorganisation or merger, but will, with the consent of the acquiring company, continue and be exchanged for equivalent awards over shares in the acquiring or another company.

8.4.14. Extent of Vesting

If an LTIP Award vests before its normal vesting date (following a participant's cessation of employment or a change of control), the number of Ordinary Shares in respect of which the LTIP Award vests, is pro-

rated to take account of the time elapsed between the date of grant and the date of the relevant event (unless the Board in its absolute discretion decides otherwise).

8.4.15. Adjustment

The Board may adjust the number and/or description of Ordinary Shares comprised in any LTIP Award and, if appropriate, the exercise price of an option, in such manner as it may determine, to take account of any variation in the Ordinary Share capital of the Company.

8.4.16. Amendments

The Board may amend the rules of the LTIP, provided that no amendment to the advantage of participants or employees is made to the provisions relating to who is eligible to participate in the LTIP, the limit on the aggregate number of Ordinary Shares over which LTIP Awards may be granted, the limit on the number of Ordinary Shares over which LTIP Awards may be granted to any one participant, adjustments upon a variation of capital, and amendments to the LTIP rules, without the prior approval of the shareholders of the Company in general meeting, unless the amendment is minor and benefits the administration of the LTIP, or is minor and necessary to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment.

An amendment may not materially adversely affect the rights of existing participants unless the amendment is to take account of a matter that the Board reasonably considers is a legal or regulatory requirement which the Group must comply with, or where a majority of participants affected by the change has approved the amendment.

8.5. DSBP

There are outstanding awards under the DSBP (**DSBP Awards**) held by Douglas Robertson amounting to 24,797 ordinary shares granted on 31 March 2017. The DSBP is no longer operated and no further awards will be granted under this plan.

8.5.1. Normal Vesting

DSBP Awards normally vest, on the date specified at grant, provided that the participant is still employed by the Group at that time. Once an option has vested, it becomes exercisable (in whole or in part) and normally remains exercisable until the end of the exercise period stated at the time of grant. The Ordinary Shares in respect of which a DSBP Award has vested or has been exercised are delivered to the participant within 30 days of the date of vesting/exercise as appropriate.

No new Ordinary Shares may be used to satisfy DSBP Awards.

8.5.2. Malus and clawback

If, during the vesting period, the accounts of the Company or of any member of the Group are required to be restated, or if there was a material misjudgement of the performance of the Company or a member of the Group in relation to the accounts of the Company or of that member of the Group, in circumstances where the re-statement in, or misjudgement in relation to, the relevant accounts has led to a participant's bonus outcome being greater than it would have been but for such restatement or misjudgement, malus and clawback may be applied to a participant's DSBP Award.

8.5.3. Dividends

The Board may determine at the time of grant that a DSBP Award may include the right to receive a number of Ordinary Shares or cash on or following vesting or exercise (as relevant) equal in value to the dividends

payable on the Ordinary Shares in respect of which the DSBP Award has vested or been exercised, from the date of grant to the vesting / exercise date.

8.5.4. Cessation of Employment

If a participant ceases to be employed by the Group before the normal vesting date, the DSBP Award vests on its normal vesting date (unless the cessation is by reason of injury, ill-health or disability, in which case the Board may determine that the DSBP Award vests on the cessation date). Any option remains exercisable six months from the participant's cessation (if after the normal vesting date), or the vesting date (if before the normal vesting date), after which it lapses.

In the event of a participant's death, any unvested DSBP Awards will be deemed to vest immediately. In the case of an option, the participant's personal representative is entitled to exercise the option within 12 months from the date of death, after which it lapses.

If a participant ceases to be employed by reason of misconduct (or it is determined after cessation of employment that circumstances had arisen in which the participant's employer was entitled to dismiss the participant summarily), any unexercised DSBP Award will lapse immediately.

8.5.5. Corporate Events

If there is a change of control or winding-up of the Company, DSBP Awards will vest at the time of (and options will normally be exercisable for a limited period following) the relevant event, after which they will lapse.

8.5.6. Amendment and adjustment

The Board may adjust the number and/or description of Ordinary Shares comprised in a DSBP Award in such manner as it may determine appropriate, to take account of any variation in the Ordinary Share capital of the Company. The Board may amend the rules of the DSBP at any time.

9. PRINCIPAL SUBSIDIARIES AND SUBSIDIARY UNDERTAKINGS

SIG plc is the principal operating and holding company of the Group. The following table shows the principal subsidiaries and subsidiary undertakings of the Company which it considers are likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

<i>Name</i>	<i>Country of incorporation/ residence</i>	<i>Proportion of capital held (percentage)</i>	<i>Principal Activity</i>
SIG European Holdings Ltd	UK	100%	Holding Company
SIG European Investments Ltd	UK	100%	Holding Company
SIG Trading Ltd	UK	100%	Distribution, roofing, exteriors
SIG Trading (Ireland) Ltd.....	Ireland	100%	Distribution
SIG Hillsborough Ltd	UK	100%	Agency Company
SIG Nederland BV	Netherlands	100%	Distribution
Meldertse Plafonneerartikelen NV.....	Belgium	100%	Distribution
Isolatec BVBA (Belgium).....	Belgium	100%	Distribution
SIG Sp. Zoo	Poland	100%	Distribution
Lariviere S.A.S.	France	100%	Roofing
LiTT Diffusion S.A.S.	France	100%	Distribution
WeGo Systembaustoffe GmbH.....	Germany	100%	Distribution
Building Solutions (National) Limited.....	UK	100%	Roofing

<i>Name</i>	<i>Country of incorporation/ residence</i>	<i>Proportion of capital held (percentage)</i>	<i>Principal Activity</i>
SIG Germany GmbH.....	Germany	100%	Holding Company
SIG France S.A.S.....	France	100%	Holding Company
Gate Pizzaras SL.....	Spain	100%	Distribution
SIG Holdings B.V.....	Netherlands	100%	Holding Company
SIG Aftbouwspecialist B.V.....	Netherlands	100%	Distribution
SIG Central Services B.V.....	Netherlands	100%	Distribution
SIG Technische Isolatiespecialist B.V.....	Netherlands	100%	Distribution
JS McCarthy Limited.....	Ireland	100%	Distribution

10. CAPITAL RAISE ARRANGEMENTS

10.1. *Sponsors and Placing Agreement*

On or around the date of this Prospectus, the Company and the Joint Bookrunners entered into the Sponsors and Placing Agreement pursuant to which: (i) Jefferies and Peel Hunt were appointed to act as joint sponsors to the Company in connection with the applications for Admission and any related party transactions in connection with the Capital Raise; and (ii) Jefferies and Peel Hunt were appointed to act as joint bookrunners and underwriters to the Company in connection with the Capital Raise.

Subject to and pursuant to the terms and conditions of the Sponsors and Placing Agreement, the Joint Bookrunners have agreed to fully underwrite the Firm Placing and Placing and Open Offer. The Joint Bookrunners are not underwriting the CD&R Investment (of an initial £60.0 million) or the Director and Senior Management Subscriptions. The Joint Bookrunners have agreed severally, subject to certain conditions, to use reasonable endeavours to procure: (i) Firm Placees for the Firm Placed Shares at the Issue Price; and (ii) Conditional Placees for the Open Offer Shares at the Issue Price on the basis that the Open Offer Shares for which Conditional Placees are procured shall be the subject of clawback to the extent they are taken up in the Open Offer. To the extent that the Joint Bookrunners fail to procure Firm Placees or Conditional Placees or any Firm Placee or Conditional Placee procured by the Joint Bookrunners fails to acquire any or all of the Firm Placed Shares and/or Open Offer Shares which have been allocated to it, subject to certain conditions, each of the Joint Bookrunners shall severally subscribe itself for an agreed proportion of such Firm Placed Shares and/or Open Offer Shares, in each case at the Issue Price.

In consideration of their services under the Sponsors and Placing Agreement, and subject to their obligations under the Sponsors and Placing Agreement having become unconditional and the Sponsors and Placing Agreement not being terminated, the Company has agreed to pay to the Joint Bookrunners: (i) an aggregate commission of 2.75% of the amount equal to the product of £0.25 and the number of New Ordinary Shares issued pursuant to the CD&R Investment; and (ii) an aggregate commission of 2.75% of the amount equal to the product of the Issue Price and the number of New Ordinary Shares issued pursuant to the Firm Placing and Placing and Open Offer (for the avoidance of doubt, other than the Director and Senior Management Subscriptions).

In addition to the commissions set out above (and whether or not the obligations of the Joint Bookrunners become unconditional in all respects or the Sponsors and Placing Agreement is terminated), the Company has agreed to pay certain costs and expenses of the Joint Bookrunners in connection with, or incidental to, the Sponsors and Placing Agreement and the Capital Raise, including the Joint Bookrunners' legal fees, other "out of pocket" expenses incurred by the Joint Bookrunners in connection with the Capital Raise and other properly incurred costs. The Company has also agreed to pay a sponsor fee to the Joint Bookrunners and agrees to pay for all other costs in connection with the Sponsors and Placing Agreement and the Capital Raise, including the fees and expenses of professional advisers, advertising and printing costs, distribution costs of all documents, all accountancy and other professional fees and all stamp duty and SDRT (if any) and other similar duties and taxes.

The Company has given certain customary undertakings, representations and warranties to the Joint Bookrunners, in relation to the issue and/or sale of New Ordinary Shares, including (subject to certain standard exceptions): (i) a 180 day lock-up on issues of further Ordinary Shares and other alterations of share capital; (ii) a 60 day restriction on making announcements or communications concerning the Company or Group which may be material in the context of the Capital Raise; (iii) and a 60 day restriction on entering into any agreements, commitments or arrangements which may be material in the context of the Capital Raise or which are material in the context of the business of the Group, in each case without the prior consent of the Joint Bookrunners. In addition, in the case of (ii) and (iii), for a further 30 days from the end of the relevant 60 day period, the Company must consult with the Banks before taking such actions. The Company has given customary indemnities to the Joint Bookrunners and certain indemnified persons connected with each of them.

The obligations of the Joint Bookrunners under the Sponsors and Placing Agreement in relation to the Capital Raise are subject to certain customary conditions including, amongst others, none of the warranties in the Sponsors and Placing Agreement being untrue, inaccurate or misleading at any time between the date of the Sponsors and Placing Agreement and Admission, the CD&R Subscription Agreement becoming wholly unconditional, passing of the Capital Raise Resolutions at the General Meeting, there not having been a material adverse change in or affecting the condition, earnings, management, business affairs, solvency, business prospects or financial prospects of the Group (taken as a whole) in the good faith opinion of a Joint Bookrunner, and Admission becoming effective at or before 8.00am 10 July 2020 or such later time and/or date (being not later than 8.00 a.m. on 27 July 2020) as the Company and the Joint Bookrunners may agree.

If any of the conditions to the Sponsors and Placing Agreement are not satisfied (or waived by the Joint Bookrunners) or have become incapable of being satisfied by the required time and/or date, either Joint Bookrunner may terminate the Sponsors and Placing Agreement in certain circumstances, but only before Admission.

10.2. *Subscription and Transfer Agreements*

In connection with the Capital Raise, the Company, the JerseyCo Subscriber and JerseyCo have entered into: (i) a subscription and transfer agreement; and (ii) an initial subscription and put and call option agreement (together the **Subscription and Transfer Agreements**), each dated on or around the date of this Prospectus, in relation to the subscription and transfer of ordinary shares and redeemable preference shares in JerseyCo.

Under the terms of the Subscription and Transfer Agreements:

- (a) the Company and the JerseyCo Subscriber will acquire ordinary shares in JerseyCo and enter into certain put and call options in respect of the ordinary shares in JerseyCo subscribed for by the JerseyCo Subscriber that are exercisable if the Capital Raise does not proceed;
- (b) the JerseyCo Subscriber will apply monies received or due from investors (including CD&R) and Shareholders or, if applicable, the Joint Bookrunners taking up New Ordinary Shares, under the Capital Raise (other than the Directors and Senior Management Subscriptions), including monies held by the Receiving Agent on trust for the JerseyCo Subscriber (acting as principal in respect of such monies), to subscribe for redeemable preference shares in JerseyCo to an aggregate value equal to such monies, after deduction of the amount of certain commissions and expenses; and
- (c) the Company will allot and issue the New Ordinary Shares (other than the Directors and Senior Management Subscriptions) to those persons entitled to them in consideration of the JerseyCo Subscriber transferring its holding of redeemable preference shares and ordinary shares in JerseyCo to the Company.

Accordingly, instead of receiving cash as consideration for the issue of New Ordinary Shares, at the conclusion of the Capital Raise the Company will own the entire issued share capital of JerseyCo whose only assets will be: (i) its cash reserves, which will represent an amount approximately equal to the net proceeds of the Capital Raise (not including the Director and Senior Management Subscriptions); and (ii) an intercompany balance due to it from the Company as a result of JerseyCo agreeing (pursuant to the Subscription and Transfer Agreement) to pay certain costs and expenses on behalf of the Company. CD&R, Firm Placees, Conditional Placees and Qualifying Shareholders are not party to these arrangements and so will not acquire any direct right against the JerseyCo Subscriber pursuant to these arrangements. The Company will be responsible for enforcing the obligations of the JerseyCo Subscriber and JerseyCo under these arrangements.

11. CD&R ARRANGEMENTS

11.1. *Subscription Agreement*

On 29 May 2020, the Company and CD&R entered into a subscription agreement (the **29 May CD&R Subscription Agreement**) which documents CD&R's agreement to subscribe for New Ordinary Shares in connection with the Capital Raise. On 18 June 2020, the Company and CD&R entered into an amendment and restatement agreement in respect of the 29 May CD&R Subscription Agreement, reflecting the terms of certain agreed amendments to the terms of the 29 May CD&R Subscription Agreement (the 29 May CD&R Subscription Agreement as so amended and restated, the **CD&R Subscription Agreement**). Pursuant to the CD&R Subscription Agreement, CD&R agrees to subscribe for New Ordinary Shares at a subscription price of £0.25 each for an aggregate amount of £60,000,000. In addition, CD&R has the right to subscribe for further New Ordinary Shares at the Issue Price under the Firm Placing (for an aggregate subscription amount of £20,000,000) and the Placing and Open Offer (for an aggregate subscription amount of up to £14,000,000, subject to clawback by Qualifying Shareholders under the Open Offer).

CD&R's obligation to subscribe for shares is subject to the satisfaction (or waiver by CD&R) of certain conditions, including: (i) passing of the Capital Raise Resolutions; (ii) no material adverse change taking place in or affecting, or any development which would give rise to a material adverse change in or affecting, the condition or the earnings, management, business affairs, solvency, business prospects or financial prospects of the Group; (iii) no material adverse market event in certain major financial markets taking place; (iv) any of the Austrian competition authorities (*Bundeswettbewerbsbehörde* or the Federal Cartel Prosecutor) not having requested an investigation of CD&R's proposed subscription for New Ordinary Shares (a waiver to this effect was received on the date of this Prospectus); (v) the Sponsors and Placing Agreement being entered into no later than 26 June 2020; and (vi) Admission occurring by no later than 8 a.m. on 31 August 2020.

Pursuant to the CD&R Subscription Agreement, the Company provided certain warranties as to the Company's status, capacity, compliance, share capital and off-balance sheet financing. The Company also undertook: (i) to keep CD&R informed of material developments in respect of the Firm Placing and Placing and Open Offer; (ii) to allow CD&R to participate in the Firm Placing and Placing and Open Offer; and (iii) not to seek to raise ordinary share capital other than for the purpose of the Capital Raise until the General Meeting and, subject to the fiduciary and statutory duties of the Directors, until 30 September 2020.

The CD&R Subscription Agreement shall terminate upon the earlier of: (i) one or more of the applicable conditions becoming incapable of satisfaction or not having been satisfied on or before 31 August 2020; and (ii) an agreement in writing between CD&R and the Company to terminate the CD&R Subscription Agreement. If the CD&R Subscription Agreement is terminated as a consequence of the Directors failing to recommend the Capital Raise to Shareholders or the Capital Raise Resolutions not being passed at the General Meeting, a break fee is payable by the Company to CD&R in the amount of £1,597,200 (inclusive of VAT).

11.2. *Relationship Agreement*

Upon and from Admission, CD&R will hold up to 29.9% of the issued share capital of the Company and a relationship agreement between CD&R and the Company dated 29 May 2020 (the **CD&R Relationship Agreement**) will become effective and remain effective for so long as CD&R is entitled to exercise 10% or more of the votes able to be cast on matters at general meetings of the Company. The CD&R Relationship Agreement will regulate the Company's relationship with CD&R. It includes agreement by CD&R that it shall (and ensure that its associates shall), among other things, conduct all transactions with the Group at arm's length and on normal commercial terms, not take actions which would have the effect of preventing the Group from carrying on its business independently, and not take any action which would prevent the Company from complying with its obligations under the Listing Rules and other applicable laws and regulations.

Pursuant to the CD&R Relationship Agreement, CD&R may appoint: (i) one non-executive director to the Board where CD&R holds at least 10% but no more than 19.9% of the votes able to be cast on matters at general meetings of the Company; and (ii) two non-executive directors to the Board where CD&R holds at least 20% of the votes able to be cast on matters at general meetings of the Company. One of such non-executive directors appointed by CD&R may be appointed to each of the Nominations Committee and the Remuneration Committee. CD&R may also appoint an observer to attend meetings of the Audit Committee of the Board. The CD&R Relationship Agreement regulates the appointment and removal of any such nominee directors or observers, and also provides that where any conflicts (actual or potential) arise between the Group and any such nominee director or observer, such nominee director or observer must declare the nature and extent of such conflict and may be prevented from voting on such matter(s).

The appointment or termination of appointment of the CEO and the CFO of the Group from time to time will require unanimous approval from the Nominations Committee (which may include a CD&R appointed director, where appointed in accordance with the terms of the CD&R Relationship Agreement). The Company has also agreed to provide CD&R with access to the CEO and, with the CEO's consent, senior management of the Group on a monthly basis, as well as access to monthly management accounts and board papers. CD&R has agreed to comply with confidentiality provisions and applicable securities laws (including the Market Abuse Regulation) when in possession of such information. In addition, for so long as CD&R (together with its associates) is entitled to exercise or control at least 20% of the votes able to be cast on matters at general meetings of the Company, the Company may not dispose by any means (including by lease or licence) of a company or division which contributes 10% or more of the Group's revenue at the relevant time without the unanimous approval of the non-executive directors of the Company (which may include one or two CD&R appointed directors, where appointed in accordance with the terms of the CD&R Relationship Agreement).

CD&R has agreed that, for a period of 12 months from Admission and except with the prior written approval of the Board, it shall not, and shall procure that none of its associates shall, directly or indirectly: (i) dispose of Ordinary Shares or interests in Ordinary Shares or enter into transactions with the same economic effect; or (ii) acquire, offer to acquire or agree to undertake certain transactions in the Company's Ordinary Shares which would result in CD&R and its concert parties being interested, in aggregate, in excess of 29.9% of the Ordinary Shares or voting rights attaching to any Ordinary Shares which are generally exercisable at general meetings. CD&R further agrees that if it wishes to dispose of Ordinary Shares it shall only do so after consultation with the Company as to timing and method of disposal and through the Company's brokers so that an orderly market in the Company's shares can be maintained. These agreed restrictions shall not apply if the Company publicly announces plans to undertake a sale process in respect of all of the interests of the Company or a controlling interest in the Company, or where certain announcements are made under the City Code on Takeovers and Mergers. The Company has also agreed that, in the 12 months from Admission, if the Company proposes an issue of Ordinary Shares (save for in the ordinary course of business in connection with any share incentive plans) or other securities, CD&R shall be allowed to participate pro rata.

The obligations of the Company and CD&R pursuant to the CD&R Relationship Agreement shall at all times be subject to the requirements of the Articles and all applicable legal and regulatory requirements.

12. MATERIAL CONTRACTS

Set out above in paragraphs 10 and 11, as well as below in this paragraph 12 is a summary of: (i) each contract (other than a contract entered into in the ordinary course of business) to which a member of the Group is or has been a party within the two years immediately preceding the date of this Prospectus which is, or may be, material; and (ii) any other contract (other than a contract entered into in the ordinary course of business) that has been entered into by a member of the Group which contains any provision under which it has any obligation or entitlement which is material to the Group as at the date of this Prospectus.

12.1. *Revolving Credit Facility*

The Company and certain of its subsidiaries are party to a revolving credit facility agreement originally dated 1 October 2014 and amended and restated on 27 May 2016 (the **Revolving Credit Facility Agreement**) with, amongst others, Lloyds Bank PLC as facility agent (the **Agent**) and a syndicate of banks as lenders. The Company is the original borrower and each of the Company and certain of its subsidiaries are original guarantors. The Revolving Credit Facility Agreement allows wholly-owned subsidiaries of the Company to become additional borrowers or additional guarantors, and requires additional subsidiaries to become guarantors if certain minimum EBITDA and asset coverage tests are not met by the existing guarantor pool. Before its amendment and restatement as set out below, the total commitments in respect of the revolving credit facility (the **RCF**) made available to the Company under the Revolving Credit Facility Agreement were £233,333,333 (the **Total Commitments**). The RCF may be drawn in Pounds Sterling, euro, U.S. dollar or any other currency that has been approved by all of the RCF Lenders (defined below).

Before its amendment and restatement as set out below, the term of the Revolving Credit Facility Agreement was five years from 27 May 2016 (i.e. to 27 May 2021). The margin was subject to variation according to a ratchet set by reference to the ratio of net borrowings to EBITDA on a consolidated basis. A utilisation fee was payable in respect of the drawn amount under the Revolving Credit Facility Agreement and this was subject to variation according to a ratchet set by reference to the percentage of the RCF drawn. A commitment fee of 35% of the applicable margin was payable on the undrawn amount of the RCF. Agency and arrangement fees were also payable.

The Revolving Credit Facility Agreement is unsecured and contains financial covenants, as well as customary representations, covenants and events of default. The Revolving Credit Facility Agreement provides for mandatory prepayment upon a change of control of the Company.

Following consent requests from the Company dated 29 April 2020, 13 May 2020 (as amended by a side letter dated 27 May 2020) and 28 May 2020, the majority RCF Lenders (defined below):

- a) consented to extend the date for the Company to deliver its audited consolidated financial statements for its financial year ended 31 December 2019, from 29 April 2020 to 5 June 2020 provided that: (i) the Company announce its annual results for its financial year ended 31 December 2019 on or before 29 May 2020; and (ii) the Company supply to the Agent sufficient copies for the RCF Lenders of such audited consolidated financial statements as soon as they become available and by no later than 5 June 2020; and
- b) (in respect of the period from 28 May 2020 to 1 August 2020, and subject to certain events not occurring in that period) waived: (i) any cross default as a result of any breach of the consolidated net worth covenant contained in each Note Purchase Agreement; and (ii) any material adverse change arising as a result of Covid-19 related events or on the basis of certain financial information relating to the Group provided to the RCF Lenders by the Company (the **Bank Waiver**).

On 18 June 2020 (the **RCF Amendment Date**) the Company, the Agent and the lenders under the Revolving Credit Facility Agreement (the **RCF Lenders**) entered into an amendment and restatement agreement in respect of the Revolving Credit Facility Agreement reflecting the terms of certain agreed amendments of

covenants and other terms of the Revolving Credit Facility Agreement (the Revolving Credit Facility Agreement as so amended and restated, the **Amended Revolving Credit Facility Agreement**).

The key terms of the Amended Revolving Credit Facility Agreement are set out below:

a) *Term*

Conditional upon the Company's receipt of gross proceeds of at least £125 million from the Capital Raise on or before 29 July 2020 (the date of receipt of such proceeds, the **Proceeds Date**), the maturity date of the Revolving Facility Credit Agreement will be automatically extended to 31 May 2023.

b) *Commitments*

Total Commitments under the Revolving Credit Facility have been reduced to £95,000,000, comprising a £70,000,000 term loan facility representing the current drawings under the Revolving Credit Facility Agreement (the **Term Facility**) and a £25,000,000 revolving credit facility (the **New RCF**). All commitments under the Amended Revolving Credit Facility in excess of £95,000,000 have been cancelled in full. The Term Facility will be repaid in a bullet repayment on the maturity date (as extended, if applicable, as set out above).

c) *Margin*

The margin in respect of the New RCF is 6% per annum.

The margin in respect of the Term Facility will be 5.00% per annum but is subject to variation according to a ratchet set by reference to the Leverage ratio in respect of the most recent test date as set out below:

Margin	Leverage
5.00%	Greater than 5.0:1
4.75%	Greater than 4.5:1 but less than or equal to 5.0:1
4.50%	Greater than 4.0:1 but less than or equal to 4.5:1
4.25%	Greater than 3.5:1 but less than or equal to 4.0:1
4.00%	Greater than 3.0:1 but less than or equal to 3.5:1
3.75%	Greater than 2.5:1 but less than or equal to 3.00:1
3.50%	Greater than 2.0:1 but less than or equal to 2.5:1
3.25%	Greater than 1.5:1 but less than or equal to 2.0:1
3.00%	Greater than 1.0:1 but less than or equal to 1.5:1
2.75%	Equal to or less than 1.0:1

d) *Pro rata cancellation and prepayment*

From the RCF Amendment Date, if the Company chooses to make or offers to make any voluntary prepayment of any Note in accordance with the relevant Notes Purchase Agreement, the Company

shall also prepay any outstanding loans and cancel the available revolving facility in amount to ensure that there is a *pro rata* and *pari passu* prepayment across the Notes and any outstanding loans.

e) Financial Covenants

Commencing with the month beginning 1 July 2020, the existing financial covenants will be replaced and new financial covenants will be introduced which will measure:

- (i) maximum net debt (not to exceed £125,000,000 for each test date in 2020 and £225,000,000 for each test date thereafter tested on a monthly basis);
- (ii) minimum net worth (at least £250,000,000 at all times); and
- (iii) minimum liquidity (at least £40,000,000 on a forward and backward looking basis as at the end of each week as shown in both the most recent and the previous 13 week cashflow forecast),

and which shall remain in place until 28 February 2022. Thereafter, the financial covenants will automatically be re-set as follows:

- (iv) minimum net worth (at least £250,000,000 at all times);
- (v) minimum liquidity (at least £40,000,000 on a forward and backward looking basis as at the end of each week as shown in both the most recent and the previous 13 week cashflow forecast);
- (vi) consolidated net borrowings to consolidated EBITDA (which is the consolidated EBITA (defined below) adjusted by: (i) adding back any depreciation charges; (ii) including the EBITDA of a member of the Group or attributable to a business or assets acquired in the relevant period (in respect of the period before its acquisition); and (iii) excluding the EBITDA attributable to any member of the Group or to any business or assets sold in the relevant period) (**Leverage Ratio**) to be tested quarterly as follows:

Test date	Leverage Ratio
31 March 2022	5.50:1:00
30 June 2022	5.00:1:00
30 September 2022	4.00:1:00
31 December 2022	3.25:1:00
31 March 2023	3.00:1:00

The leverage ratio will be calculated on a last 12 months basis.

- (vii) consolidated EBITA (which is the underlying operating profit of the Group adjusted by: (i) adding back amortisation and impairment charges or credits; (ii) taking no account of any items which represent gains and losses arising on account of exceptional gains and losses; and (iii) adding back all fees, costs and expenses,

stamp, registration and other taxes in connection with any permitted acquisition (**EBITA**)) to consolidated net interest payable (**Interest Cover**) to be tested quarterly as follows:

Test date	Interest cover
31 March 2022	1.25:1:00
30 June 2022	1.75:1:00
30 September 2022	2.25:1:00
31 December 2022	2.50:1:00
31 March 2023	3.00:1:00

The Interest Cover will be calculated on a last 12 months basis.

f) Guarantor coverage

The guarantor coverage test will be amended so the Company is now obliged to ensure that the guarantors under the Amended Revolving Credit Facility Agreement represent not less than 90% of consolidated EBITDA of the Group and 90% of the consolidated total assets of the Group. If the guarantor coverage test is not met by the RCF Amendment Date, the Company will be obliged to accede certain additional agreed trading entities within the Group as guarantors within: (a) 20 days for entities in jurisdictions where there are existing guarantors; and (b) 50 days for entities in other jurisdictions.

g) Reporting requirements

The Company will also be subject to increased reporting requirements which will include:

- (i) until 28 February 2022, the delivery of the unaudited consolidated monthly management accounts (together with a compliance certificate) within 30 days of the end of each calendar month;
- (ii) from the RCF Amendment Date to the date on which the proceeds of the Capital Raise are received, the delivery of a consolidated 13 week cashflow report on a weekly basis and, thereafter, monthly; and
- (iii) from 28 February 2022, the delivery of the unaudited consolidated management accounts for each financial quarter as soon as the same become available, but in any event within 45 days after the end of each financial quarter.

The RCF Lenders will also have additional rights to (among other things):

- (i) promptly following such discussions, receive an update on the triennial pension review discussions and any other material discussions with the trustee of the Pension Scheme and the Pensions Regulator;
- (ii) delivery of a budget for each financial year ahead within 45 after the beginning of that financial year ending after the RCF Amendment Date;

- (iii) require the Company to give presentations to the RCF Lenders once every financial half year; and
- (iv) have the Company brief the RCF Lenders following the Company announcing any profit warning to the equity market.

h) General undertakings

A number of amendments have been made to existing general undertakings contained in the Revolving Credit Facility Agreement relating to: (i) negative pledge; (ii) disposals; (iii) acquisitions; and (iv) financial indebtedness, thereby imposing additional restrictions on the Company and other members of the Group (subject to various carve outs and agreed exceptions for the same).

Various new undertakings have been included in the Amended Revolving Credit Facility Agreement relating to: (i) dividends; (ii) making available loans or credit; (iii) the giving of guarantees; (iv) taxation; (v) pensions; (vi) increasing the liabilities in respect of certain loan notes issued in connection an asset backed contribution scheme relating to the Group's Pension Scheme; and (vii) joint ventures, thereby imposing restrictions on the Company and other members of the Group (subject to various carve outs and agreed exceptions for the same).

Specifically, the dividends undertaking provides as follows:

- (i) the Company shall not pay any dividends except that:
 - (A) in the financial year ending 31 December 2021, the Company will be permitted to pay to shareholders (1) an interim dividend up to a maximum of £3,000,000 and (2) a final dividend provided that (in respect of such final dividend):
 - I. the Leverage Ratio is less than 2:25:1 in the most recently delivered compliance certificate (adjusted pro forma to take account of such dividend); and
 - II. the Company certifies that forecast Leverage Ratio at the next four quarterly testing dates after such dividend is paid will remain below 2:25:1 (adjusted pro forma to take account of such dividend); and
 - (B) thereafter, the Company may pay any dividend to shareholders provided that:
 - I. the Leverage Ratio is less than 2:25:1 in the most recently delivered compliance certificate (adjusted pro forma to take account of such dividend); and
 - II. the Company certifies that the forecast Leverage Ratio at the next four quarterly testing dates after such dividend is paid will remain below 2:25:1 (adjusted pro forma to take account of such dividend),

and in each case for any such dividend under sub-paragraphs (A) and (B) above, provided that: (I) no default is continuing or would result from the payment of the dividend; (II) at the time of payment of the dividend, there are not any outstanding

loans under the New RCF; and (III) the dividend is made in accordance with the Company's most recently stated policy of maintaining a two to three times dividend cover ratio.

(e) Events of default

Two new events of default have been included in the Amended Revolving Credit Facility Agreement as follows:

- (A) an event of default will occur on the date falling ten Business Days after an Equity Failure Event; and
- (B) an event of default will occur if a default or event of default (howsoever described) is continuing under any Amended Note Purchase Agreement.

For the purposes of the above, an **Equity Failure Event** shall occur if:

- I. the Company abandons its intention to undertake the Capital Raise (I) at all or (II) on a basis whereby it shall receive gross proceeds of at least £125 million by 29 July 2020;
- II. by close of business on 24 July 2020, the resolutions required for the completion of the Capital Raise have not been approved by the requisite percentage of members of the Company;
- III. in connection with CD&R's proposed subscription for New Ordinary Shares, any of the Austrian competition authorities (*Bundswettbewerbsbehörde* or the Federal Cartel Prosecutor) commence a phase 2 investigation (as of the date of this Prospectus, this is no longer relevant as clearance has been provided by such authorities); or
- IV. upon the CD&R Subscription Agreement or the Sponsor, Firm Placing, Placing and Open Offer Agreement being terminated or failing to become effective in accordance with their respective terms, in each case, before closing of the Capital Raise;
- V. by close of business on 29 July 2020, if the proceeds of the Capital Raise have not been received by the Company in a gross amount of at least £125 million.

(i) *Equity Failure Event*

If an Equity Failure Event occurs, the Company is required to, no later than 5 business days thereafter, provide a deleveraging plan for the approval of majority of the RCF Lenders. Any deleveraging plan is required to include: (i) the Company's up to date business plan produced on the basis of an Equity Failure Event and the Company's assessment of the COVID-19 situation at the time of the production of such business plan; (ii) the Company's proposed capital structure in light of such business plan; (iii) the actions which the Company intends to pursue to ensure a deleveraging of the Group's balance sheet (including any disposals proposed to be made by any member of the Group and the assumed value range in respect of each such disposal); (iv) the Company's requests of the RCF Lenders in light of the same; (v) the Company's proposals to grant security in favour of the RCF Lenders, the Noteholders and trustee of the Pension Scheme on the basis of principles to

be agreed; and (vi) the Company's latest 13 week cashflow forecast and the proposals to meet its immediate liquidity requirements over the period of such forecast.

(j) Extension Fee

An extension fee of 3% of the Total Commitments as at the RCF Amendment Date (taking into account the reduction of Total Commitments on the RCF Amendment Date) will be payable by the Company to each RCF Lender within 3 Business Days after the Proceeds Date.

(k) Commitment fee

A commitment fee of 50% of applicable margin on the undrawn amount of the New RCF from time to time will be payable by the Company to each RCF Lender.

12.2. Note Purchase Agreements

The Company has periodically issued private placement notes (the **Notes**) to institutional investors (the **Noteholders**). The Notes are guaranteed by certain of its subsidiaries and denominated in euros or U.S. dollars. The terms and conditions of each of the Notes are broadly similar and contain mostly standard private placement market terms, as described below. As at 18 June 2020, the Company has issued the following Notes:

- pursuant to a note purchase agreement dated 31 October 2013 (as amended), EUR 30 million 3.71% Senior Guaranteed Notes, Series A, due 31 October 2020 (the **2020 Notes**) and EUR 30 million 4.23% Senior Guaranteed Notes, Series C, due 31 October 2023 (the **Series A/C 2023 Notes**);
- pursuant to a note purchase agreement dated 31 October 2013 (as amended), EUR 20 million 3.88% Senior Guaranteed Notes, Series B, due 31 October 2021 (the **2021 Notes**) and EUR 20 million 4.23% Senior Guaranteed Notes, Series D, due 31 October 2023 (the **Series B/D Notes** and, together with the Series A/C 2023 Notes, the **2023 Notes**);
- pursuant to a note purchase agreement dated 17 June 2016 (as amended), EUR 20 million 2.83% Senior Guaranteed Notes, Series A, due 12 August 2026 (the **Series A 2026 Notes**);
- pursuant to a note purchase agreement dated 17 June 2016 (as amended), EUR 61 million 2.83% Senior Guaranteed Notes, Series B, due 12 August 2026 (the **Series B 2026 Notes**); and
- pursuant to a note purchase agreement dated 17 June 2016 (as amended), USD 30 million 4.67% Senior Guaranteed Notes, Series C, due 12 August 2026 (the **Series C 2026 Notes** and, together with the Series A 2026 Notes and the Series B 2026 Notes, the **2026 Notes**),

(such note purchase agreements together, the Note Purchase Agreements).

Interest under the Notes (computed on the basis of a 360-day year of twelve 30-day months) is payable by the Company semi-annually. The Note Purchase Agreements require the Company to observe (and, in some cases, to ensure that certain subsidiaries observe) certain customary undertakings, including (among others) compliance with law, maintenance of properties and financial records, payment of taxes, pari passu ranking and corporate existence. The Note Purchase Agreements also require the Company to comply (and to ensure that certain subsidiaries comply) with certain customary negative covenants, including (among others) certain limitations on transactions with affiliates, subsidiary indebtedness, liens, mergers, consolidations and sales of assets, as well as requiring the Company to maintain certain financial covenants.

The Note Purchase Agreements contain customary events of default, cross-default and cross-acceleration provisions. Certain events of default shall result in the Notes then outstanding becoming immediately due

and payable. Other continuing events of default shall permit any Noteholder(s) holding more than 50% in principal amount of the Notes under the affected Note Purchase Agreement to give notice declaring all notes issued under that Note Purchase Agreement to be immediately due and payable.

The Notes may be prepaid at the Company's option at any time in whole or in part (subject to a minimum amount of EUR 3.0 million or, in the case of the USD denominated notes issued under the 2016 Series C Note Purchase Agreement, USD 3.0 million) at par plus all accrued and unpaid interest plus the applicable make-whole amount, if any. The Notes are not subject to required prepayments before the final maturity date except in connection with a prepayment in accordance with the sale of assets covenant described above, or otherwise except upon a change of control or due to acceleration following an event of default.

The payment of the Notes and performance of the Company's obligations under the Note Purchase Agreements is (subject to certain guarantee limitations) fully and unconditionally guaranteed by certain subsidiaries of the Company. Each of these subsidiary guarantors is bound by a subsidiary guarantee agreement governed by the law of the jurisdiction in which the guarantor is organised or, in the case of the Polish subsidiary guarantor only, by New York law.

Following consent requests from the Company dated 29 April 2020, 13 May 2020 (as amended by a side letter dated 27 May 2020) and 28 May 2020, each Noteholder:

- (a) consented to extend the date for the Company to deliver its audited consolidated financial statements for its financial year ended 31 December 2019, from 29 April 2020 to 5 June 2020 provided that: (i) the Company announce its annual results for its financial year ended 31 December 2019 on or before 29 May 2020; and (ii) the Company supply to the Noteholders such audited consolidated financial statements as soon as they become available and by no later than 5 June 2020; and
- (b) (in respect of the period from 28 May 2020 to 1 August 2020, and subject to certain events not occurring in that period) waived: (i) any default or event of default arising under the consolidated net worth covenant contained in each respective Note Purchase Agreement in respect of any testing thereof in such period, including the testing of the consolidated net worth covenants as at 31 December 2019 on the basis of the Company's annual financial statements for the period ending on 31 December 2019; and (ii) any cross default arising in relation to the Revolving Credit Facility Agreement in connection with any default or event of default under the Revolving Credit Facility Agreement which was itself waived in accordance with the Bank Waiver.

On 18 June 2020 (the **Notes Amendment Date**), the Company and each Noteholder entered into an amendment and restatement agreement in respect of each Note Purchase Agreement reflecting the terms of certain agreed amendments of covenants and other terms of each Note Purchase Agreement (each Note Purchase Agreement as so amended and restated, an **Amended Note Purchase Agreement**).

The key terms of the Amended Note Purchase Agreements are set out below:

(a) *Prepayment*

Conditional on the occurrence of the Proceeds Date, within 5 Business Days after the Proceeds Date the Company shall prepay (in aggregate and on a pro rata basis across all Notes) approximately £48,000,000 in a nominal amount of the Notes (at par plus interest accrued at the date of prepayment) (the **Prepayment**).

(b) *Waiver*

Subject to the receipt of the Prepayment, each Noteholder

- (i) consents to the disposal of the Group's Air Handling division; and
- (ii) waives any requirement for any offer or repayment to be made under each Amended Note Purchase Agreement (including on its terms as in effect before the Notes Amendment Date).

(c) *Maturity*

Conditional on the occurrence of the Proceeds Date, the maturity date of the 2020 Notes and 2021 Notes will be extended to 31 May 2023. The maturity date of the 2023 Notes and 2026 Notes will not be amended but this will be subject to the Put Option as described below.

(d) *Put Option*

Conditional on the occurrence of the Proceeds Date, holders of the 2023 Notes and the 2026 Notes will be granted an option (exercisable for one month starting on 15 April 2023) for these Notes to be redeemed on 31 May 2023 at par plus a make-whole as calculated in accordance with the terms of the relevant Notes (the **Put Option**).

(e) *Additional Fee*

From the Notes Amendment Date, the Company will pay an additional fee at a rate of 2.00% per annum on the outstanding principal amount of the Notes on each date on which interest is payable on the relevant Notes.

(f) *Extension fee*

On the occurrence of the Proceeds Date, on the Proceeds Date the Company shall pay an extension fee in respect of the 2020 Notes and the 2021 Notes only in an amount equal to:

- (i) in respect of the 2020 Notes, 5.00% of the outstanding principal amount of the 2020 Notes; and
- (ii) in respect of the 2021 Notes, 3.00% of the outstanding principal amount of the 2021 Notes,

in each case as at the Proceeds Date (and after taking into account the Prepayment).

(g) *Amendment fee*

In respect of the 2023 Notes and the 2026 Notes only, on the Proceeds Date the Company shall pay an amendment fee in an amount equal to 0.5% of the outstanding principal amount of the 2023 Notes and the 2026 Notes (respectively) as at the Proceeds Date (and after taking into account the Prepayment).

(h) *Guarantor coverage*

The Company must ensure that at all times the guarantors under each Note Purchase Agreement represent not less than 90% of consolidated EBITDA of the Group and 90% of consolidated total assets of the Group and each material subsidiary is a guarantor. If the guarantor coverage test is not met by the Notes Amendment Date, the Company will be obliged to accede certain additional agreed trading entities within the Group as guarantors within (a) 20 days for entities in jurisdictions where there are existing guarantors and (b) 50 days for entities in other jurisdictions.

(i) *Pro rata prepayment offer*

From the Notes Amendment Date, the Company will not (and will ensure that no other member of the Group will) voluntarily cancel in whole or any part of the New RCF or voluntarily prepay the whole or any part of a loan drawn under the New RCF without also offering to prepay the Notes in accordance with each Note Purchase Agreement such that there is there is a pro rata and pari passu prepayment across the Notes and the New RCF.

(j) *Financial Covenants*

Commencing with the month beginning 1 July 2020, the existing financial covenants will be replaced and new financial covenants will be introduced which will measure:

- (i) maximum net debt (not to exceed £125,000,000 for each test date in 2020 and 225,000,000 for each test date thereafter tested on a monthly basis);
- (ii) minimum net worth (at least £250,000,000 at all times); and
- (iii) minimum liquidity (at least £40,000,000 on a forward and backward looking basis as at the end of each week as shown in both the most recent and the previous 13 week cashflow forecast),

and which shall remain in place until 28 February 2022. Thereafter, the financial covenants will automatically re-set as follows:

- (iv) minimum net worth to be at least £250,000,000 at all times;
- (v) minimum liquidity (at least £40,000,000 on a forward and backward looking basis as at the end of each week as shown in both the most recent and the previous 13 week cashflow forecast);
- (vi) consolidated net borrowings to consolidated EBITDA (**Leverage Ratio**) to be tested quarterly as follows:

Test date	Leverage
31 March 2022	5.50:1:00
30 June 2022	5.00:1:00
30 September 2022	4.00:1:00
31 December 2022	3.25:1:00
31 March 2023	3.00:1:00
Each financial quarter thereafter	2.75:1:00

The leverage ratio will be calculated on a last 12 months basis.

- (vii) consolidated EBITA to consolidated net borrowings (**Interest Cover**) to be tested as follows:

Test date	Interest cover
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31 March 2022	1.25:1:00
30 June 2022	1.75:1:00
30 September 2022	2.25:1:00
31 December 2022	2.50:1:00
31 March 2023	3.00:1:00
Each financial quarter thereafter	3.00:1:00

The Interest Cover will be calculated on a last 12 months basis.

(k) Reporting requirements

The Company will also be subject to increased reporting requirements which will include:

- (i) until 28 February 2022, the delivery of the unaudited consolidated monthly management accounts (together with a compliance certificate) within 30 days of the end of each calendar month;
- (ii) from the Notes Amendment Date to the date on which the proceeds of the Capital Raise are received, the delivery of a consolidated 13 week cashflow report on a weekly basis and, thereafter monthly; and
- (iii) from 28 February 2022, the delivery of the unaudited consolidated management accounts for each financial quarter as soon as the same become available, but in any event within 45 days after the end of each financial quarter.

The Noteholders will also have additional rights to (among other things):

- (i) promptly following such discussions, receive an update on the triennial pension review discussions and any other material discussions with the trustee of the Pension Scheme and the Pensions Regulator;
- (ii) delivery of a budget for each financial year ahead within 45 days after the beginning of that financial year ending after the Notes Amendment Date;
- (iii) require the Company to give presentations to the Noteholders once every financial half year; and
- (iv) have the Company brief the Noteholders following the Company announcing any profit warning to the equity market.

(l) General undertakings

A number of amendments have been made to existing general undertakings contained in the Note Purchase Agreements relating to limitation on liens, sale of assets, taxation and limitations on subsidiary indebtedness, thereby imposing additional restrictions on the Company and other members of the Group (subject to various carve-outs and agreed exceptions for the same).

Various new undertakings have been included in the Amended Note Purchase Agreements relating to: (i) acquisitions; (ii) dividends; (iii) making available loans or credit; (iv) the giving of guarantees or indemnities; (v) pensions; (vi) increasing the liabilities in respect of certain loan notes issued in connection an asset backed contribution scheme relating to the Group's Pension Scheme; and (vii) joint ventures, thereby imposing restrictions on the Company and other members of the Group (subject to various carve outs and agreed exceptions for the same).

Specifically, the dividends undertaking provides as follows:

- (i) Restrictions on the Company's ability to pay dividends except:
 - (A) in the financial year ending 31 December 2021, the Company will be permitted to pay to shareholders (1) an interim dividend up to a maximum of £3,000,000 and (2) pay a final dividend provided that (in respect of such final dividend):
 - I. the Leverage Ratio is less than 2:25:1 in the most recently delivered compliance certificate (adjusted pro forma to take account of such dividend); and
 - II. the Company certifies that forecast Leverage Ratio at the next four quarterly testing dates after such dividend is paid will remain below 2:25:1 (adjusted pro forma to take account of such dividend); and
 - (B) thereafter, the Company may pay any dividend to shareholders provided that:
 - I. the Leverage Ratio is less than 2:25:1 in the most recently delivered compliance certificate (adjusted pro forma to take account of such dividend); and
 - II. the Company certifies that forecast Leverage Ratio at the next four quarterly testing dates after such dividend is paid will remain below 2:25:1 (adjusted pro forma to take account of such dividend),

and in each case for any such dividend under sub-paragraphs (A) and (B) above, provided that (I) no default is continuing or would result from the payment of the dividend (II) at the time of payment of the dividend, there are not any outstanding loans under the New RCF and (III) the dividend is made in accordance with the Company's most recently stated policy of maintaining a two to three times dividend cover ratio.

(m) Events of default

The following new events of default have been included in the Amended Note Purchase Agreements as follows:

- (i) an event of default will occur on the date falling ten Business Days after an Equity Failure Event;
- (ii) an event of default will occur if an event or circumstance which has or is reasonably likely to have a material adverse effect occurs; and

- (iii) a default or event of default continuing (howsoever described) is continuing under the Amended Revolving Credit Facility Agreement.

For the purposes of the above, an **Equity Failure Event** shall occur if:

- (A) the Company abandons its intention to undertake the Capital Raise (I) at all or (II) on a basis whereby it shall receive gross proceeds of at least £125 million by 29 July 2020;
- (B) by close of business on 24 July 2020, the resolutions required for the completion of the Capital Raise have not been approved by the requisite percentage of members of the Company;
- (C) in connection with CD&R's proposed subscription for New Ordinary Shares, any of the Austrian competition authorities (*Bundswettbewerbsbehörde* or the Federal Cartel Prosecutor) commence a phase 2 investigation (as of the date of this Prospectus, this is no longer relevant as clearance has been provided by such authorities); or
- (D) upon the CD&R Subscription Agreement or the Sponsor, Firm Placing, Placing and Open Offer Agreement being terminated or failing to become effective in accordance with their respective terms, in each case, before closing of the Capital Raise;
- (E) by close of business on 29 July 2020, if the proceeds of the Capital Raise have not been received by the Company in a gross amount of at least £125 million.

(n) *Equity Failure Event*

If an Equity Failure Event occurs the Company is required to, no later than 5 business days thereafter, provide a deleveraging plan for the approval of the Noteholders. Any deleveraging plan is required to include: (i) the Company's up to date business plan produced on the basis of an Equity Failure Event and the Company's assessment of the COVID-19 situation at the time of the production of such business plan; (ii) the Company's proposed capital structure in light of such business plan; (iii) the actions which the Company intends to pursue to ensure a deleveraging of the Group's balance sheet (including any disposals proposed to be made by any member of the Group and the assumed value range in respect of each such disposal); (iv) the Company's requests of the Noteholders in light of the same; (v) the Company's proposals to grant security in favour of the RCF Lenders, the Noteholders and trustee of the Pension Scheme on the basis of principles to be agreed; and (vi) the Company's latest 13 week cashflow forecast and the proposals to meet its immediate liquidity requirements over the period of such forecast.

(o) *Guarantees*

Each subsidiary guarantee agreement will be amended to be governed by New York law but, otherwise, will be on the same terms as the existing subsidiary guarantee agreements.

12.3. *IKO Irrevocable Undertaking*

The Company's largest shareholder as at the date of this Prospectus, IKO Enterprises Limited (**IKO**), holding approximately 14.8% of the issued share capital of the Company as at 18 June 2020 (being the latest practicable date before publication of this Prospectus) has agreed with the Company in a deed of irrevocable undertaking dated 19 June 2020 that it irrevocably undertakes, agrees, represents and warrants to and with

the Company that, conditional only on the Capital Raise being announced in materially an agreed form (the **Announcement**) and it receiving an allocation of 65,416,667 New Ordinary Shares under the Firm Placing at the Issue Price:

- (a) it is the beneficial owner or is otherwise able to procure the exercise of voting rights in respect of 87,461,710 ordinary shares of £0.10 each in the capital of the Company (the **IKO Shares**);
- (b) it will apply and pay for New Ordinary Shares at the Issue Price of 30 pence per New Ordinary Share in respect of its full Open Offer Entitlement in accordance with this Prospectus;
- (c) it will vote in favour of those Capital Raise Resolutions in respect of which it is entitled to vote at the General Meeting;
- (d) from the time of announcement of the Capital Raise by the Company until Admission it will not (and will procure that any registered holders of the IKO Shares will not):
 - (i) sell, transfer, charge, encumber, pledge or grant any option over or otherwise dispose of any of the IKO Shares or any interest in any of the IKO Shares; and/or
 - (ii) accept or give any undertaking or enter into any transaction or arrangement in respect of any of the IKO Shares which might frustrate any element of the Capital Raise and/or its agreed participation in the Capital Raise (whether such undertaking, transaction or arrangement is conditional or unconditional); and/or
 - (iii) enter into any agreement or arrangement with any person, whether conditionally or unconditionally, or solicit or encourage any person, to do any of the foregoing; and
- (e) from the time of announcement of the Capital Raise by the Company until Admission, and unless and until the obligations under the deed of irrevocable undertaking lapse in accordance with its terms, it will not (and, will procure that any registered holders of the IKO Shares will not), without the prior written consent of the Company, convene or requisition, or join in convening or requisitioning, any general or class meeting of the Company.

This agreement between IKO and the Company will cease to apply if the terms of the Capital Raise are varied in any respect from the terms detailed in the Announcement, and will lapse and cease to have any effect on the earlier of: (i) following the Announcement, the Company announcing that it does not intend to proceed with the Capital Raise; and (ii) 27 July 2020.

It has also been agreed that IKO will not be subject to the requirement to subscribe for 50% of its total subscriptions in the Firm Placing and the remaining 50% in the Placing and Open Offer.

12.4. Sale and Purchase Agreement – Disposal of the Group's Air Handling Business

Pursuant to a sale and purchase agreement dated 7 October 2019 between the Company and France Air Management SA (**France Air**), the Company agreed to procure the sale of certain members of the Group which constituted the Group's air handling business (the **Air Handling SPA**). The sale of: (i) SIG Air Handling UK Limited; (ii) SIG Air Handling International B.V. (and its subsidiaries); and (iii) Société Industrielle de l'Ouest des Produits Isolants S.A.S, Saftair Ventilation S.A.S and Sebemex S.A.S (and their respective subsidiaries) (together, the **Air Handling Business**) to France Air completed on 31 January 2020 (**AH Completion**), following passing of an ordinary resolution of Shareholders at a general meeting held on 23 December 2019 and satisfaction of relevant antitrust conditions.

The enterprise value for the sale of the Air Handling business was EUR222.7 million on a cash free, debt free basis, subject to adjustments reflecting estimated amounts of debt, cash and any shortfall (or excess) of working capital (as compared to an agreed working capital target) in the Air Handling business immediately before AH Completion (the **AH Consideration**). The AH Consideration was subject to a post-completion adjustment based on final determinations of actual net debt and working capital at AH Completion.

At signing of the Air Handling SPA, the Company gave certain warranties to France Air customary for a sale of its nature, including:

- (a) certain fundamental warranties relating to the Company's capacity and authority to enter into and perform its obligations under the Air Handling SPA and other transaction documents, the solvency of the members of the Air Handling Business and in relation to certain sanctions compliance matters (the **AH Fundamental Warranties**); and
- (b) certain warranties relating to the business and assets of the Air Handling Business including in relation to tax, accounts, indebtedness, compliance with laws, contracts, insurance, litigation, intellectual property and information technology systems, real estate, environmental matters, employees and benefit arrangements and pension schemes.

The warranties given by the Company as well as certain other claims under the Air Handling SPA and other transaction documents are subject to customary financial and other limitations, including:

- (a) a de minimis on all claims under the Air Handling SPA (other than claims in respect of a breach of the AH Fundamental Warranties) and claims under a tax deed entered into between the Company, the members of the Air Handling Business and France Air (the **AH Tax Deed**) of EUR200,000 (meaning that any claims below EUR200,000 will be disregarded for all purposes);
- (b) a threshold on all claims under the Air Handling SPA (other than claims in respect of a breach of the AH Fundamental Warranties) of EUR2,000,000 (meaning that the Company will not be liable in respect of any such claims (other than for breach of an AH Fundamental Warranty) unless the amount of damages resulting from all such claims exceeds EUR2,000,000 in aggregate). Once this threshold is reached, France Air is entitled to claim all amounts resulting from such claims and not just the excess over that sum;
- (c) a cap of EUR1 on any warranty claims under the Air Handling SPA (other than claims in respect of a breach of the AH Fundamental Warranties) and claims under the AH Tax Deed that are insured under France Air's warranty and indemnity insurance policy;
- (d) a cap of EUR10,000,000 in respect of claims under the AH Tax Deed; and
- (e) a maximum aggregate liability cap of the AH Consideration in respect of all claims under the Air Handling SPA (including claims in respect of a breach of the AH Fundamental Warranties), the AH Tax Deed and any other transaction document.

France Air must give notice of any warranty claim under the Air Handling SPA (other than tax warranty claims or claims in respect of a breach of the AH Fundamental Warranties) within 18 months of 7 October 2019. Notice of any tax warranty claims or claims under the AH Tax Deed must be given by France Air before the fourth anniversary of the date of the Air Handling SPA. Notice of any claims in respect of a breach of the AH Fundamental Warranties must be given before the date of expiry of the applicable statute(s) of limitations.

Pursuant to the Air Handling SPA, the Company granted each company within the Air Handling Business a non-exclusive, non-transferable, and royalty-free trademark licence (without the right to sub-license, save

with the prior written consent of the Company) to use or display the word “SIG”, the word mark “SIG Air Handling” and the SIG and SIG Air Handling logos for a period of six months from AH Completion.

Pursuant to the Air Handling SPA, the Company (on behalf of itself and the Group) provided an undertaking not to be engaged in a business which is competitive with a business carried on by the Air Handling Business for a period of 12 months after AH Completion, and has also provided a customary non-solicitation undertaking in respect of senior managers and sales staff of the Air Handling Business for a period of two years after AH Completion. All undertakings are subject to customary carve-outs. France Air has provided a non-solicitation undertaking in respect of senior managers and sales staff of the Group for a period of 12 months after AH Completion.

12.5. Tax Deed – Disposal of the Group's Air Handling Business

Upon AH Completion, the Company and the Group entities which sold the entities comprising the Air Handling Business entered into a tax deed with France Air. Under the AH Tax Deed, the Company covenanted, subject to certain exclusions, to pay to France Air amounts compensating it in respect of tax liabilities of each member of the Air Handling Business in respect of events or periods occurring on or before AH Completion. There are a number of customary exclusions from this covenant to pay, including (amongst other things): (i) any tax liability for which provision is made or taken into account in the completion statement used to calculate any adjustment to the AH Consideration; (ii) any tax liability which was discharged before AH Completion; (iii) subject to certain restrictions, a tax liability of a company in the Air Handling Business which would not have arisen but for a voluntary act of France Air or such company after AH Completion; and (iv) a tax liability that arises from a relevant change in law or a relevant accounting change. The Group's liability under the AH Tax Deed is subject to customary financial and other limitations, consistent with those described above in respect of the Air Handling SPA.

12.6. Transitional Services Agreement - Disposal of the Group's Air Handling Business

At AH Completion, the Company and SIG Air Handling UK Limited (an entity within the Air Handling business) entered into a transitional services agreement (the **AH TSA**), under which the Company agreed to provide certain information technology, facility management, vehicular, record-keeping, legal and property-related services to the Air Handling Business for defined periods. Such time periods are dependant on the services provided, and fall into two categories: (i) time periods tied to occurrence of a future event (e.g. expiration of consumer warranty periods); and (ii) specified time periods, with the maximum specified time period being 18 months from AH Completion.

Pursuant to the AH TSA, the Company must use reasonable endeavours to procure and maintain all third party consents required for it to be able to provide or procure the provision of these services, and the Company must use reasonable endeavours to provide these services to materially the same standard and in materially the same manner as equivalent services were provided by the Company to the Air Handling Business in the 12 months immediately before AH Completion.

The AH TSA includes a customary framework on limitations and exclusions of liability. Each party's total aggregate liability to the other under the AH TSA is limited to the sum equal to 100% of the total yearly charges under the AH TSA.

12.7. Share Purchase Agreement and Business Purchase Agreement – Disposal of V. J. Technology Limited

Pursuant to: (i) a share purchase agreement dated 25 June 2018 between SIG Trading Limited (an entity within the Group) (**SIG Trading**) as seller and Fiji Bidco Limited (**FB**) as buyer (the **VJT SPA**); and (ii) a business purchase agreement dated 25 June 2018 between SIG Trading as seller and V.J. Technology Limited (**VJT**) as buyer (the **VJT BTA**), SIG Trading agreed to first dispose of VJT to FB for total consideration of GBP 7,514,209.18 (subject to a customary leakage adjustment) in accordance with the VJT

SPA, and then (pursuant to the VJT BTA) agreed to dispose of the business of distribution of fixings, fasteners and consumables to the construction industry carried on by SIG Trading under the “VJ Technology” name (including relevant employees) (the **VJT Business**) to VJT for total consideration of GBP 22,229,685. Pursuant to the VJT SPA, SIG Trading granted customary warranties and a tax covenant in favour of FB, and also certain indemnities. Liability of SIG Trading under the VJT SPA tax warranties and tax covenant expires on 25 June 2025. The other warranties and indemnities under the VJT SPA expire at intervals from 25 June 2018 to 31 March 2020. Pursuant to the VJT BTA, VJT assumed certain liabilities of the VJT Business and SIG Trading retained certain pre-closing liabilities of the VJT Business. SIG Trading also granted certain restrictive covenants relating to, inter alia, non-solicitation of customers of the VJT Business by its retained businesses, for a period of two years from 29 June 2018.

12.8. Share Purchase Agreement – Disposal of Shares in WeGo FloorTec GmbH

Pursuant to a share purchase agreement dated 4 July 2019 between WeGo Systembaustoffe GmbH (an entity within the Group) (**WeGo Austria**) as seller and Kingspan Holding Netherlands B.V (**Kingspan HN**) as buyer, WeGo Austria agreed to dispose of WeGo FloorTec GmbH (**WeGo**) to Kingspan HN for total consideration of EUR 13,645,000. Pursuant to this share purchase agreement, WeGo Austria granted certain warranties, including warranties: (i) relating to the business of WeGo, in respect of which WeGo Austria is liable for a period of eighteen months from 4 July 2019; (ii) relating to corporate information and leakage under the share purchase agreement, in respect of which WeGo Austria is liable for a period of two years from 4 July 2019; and (iii) relating to ownership of shares, in respect of which WeGo Austria is liable for a period of ten years from 4 July 2019. In addition, WeGo Austria granted tax indemnities for an indefinite period, with WeGo Austria remaining liable for certain tax liabilities until the expiry of six months from the date of the tax assessment relevant to such tax liabilities. WeGo Austria also granted certain restrictive covenants, restricting competition by WeGo Austria with the business of WeGo, for a period of three years from completion of this disposal.

12.9. Share Sale and Purchase Agreement – SIG RoofSpace Limited

Pursuant to a share sale and purchase agreement dated 14 December 2018 between SIG Trading as seller and Saint-Gobain Building Distribution Limited (**Saint-Gobain**) as buyer (the **RoofSpace SPA**), SIG Trading agreed to dispose of SIG RoofSpace Limited to Saint-Gobain for consideration comprising: (i) a cash amount of £1; and (ii) assumption of loans by Saint-Gobain in an aggregate amount of £14,616,494.30. Pursuant to the RoofSpace SPA, SIG Trading granted certain business warranties in respect of SIG RoofSpace Limited, for which it remains liable for a period of 18 months from the date of the RoofSpace SPA. SIG Trading also granted certain tax warranties, for which it remains liable for a period of seven years from the date of the SIG RoofSpace SPA. In addition, SIG Trading granted certain indemnities in respect of SIG RoofSpace Limited's business and certain tax matters. SIG Trading also granted restrictive covenants in favour of Saint-Gobain, restricting competition by SIG Trading with the business of SIG RoofSpace Limited for a period of two years from completion of this disposal.

12.10. Business Purchase Agreement and Share Purchase Agreement – Disposal of Building Solutions (National) Limited

Pursuant to: (i) an intra-group business purchase agreement dated 13 May 2019 between SIG Trading as seller and Building Solutions (National) Limited (a newly incorporated entity within the Group) (**BSN**) as buyer (the **Building Solutions BPA**); and (ii) a sale and purchase agreement dated 7 October 2019 between SIG Trading as seller and Kingspan Holdings (Panels) Limited (**Kingspan HP**) as buyer (the **Building Solutions SPA**), SIG Trading agreed to first transfer the business of the manufacture and distribution of building envelope solutions carried on by SIG Trading through its brands Steadmans, United Roofing Products, Trimform Products and Advanced Cladding & Insulation (including relevant employees) (the **Building Solutions Business**) to BSN for a consideration of GBP 5,102,000 (left outstanding as a loan between SIG Trading and BSN repayable on demand) and the assumption by BSN of responsibility for the satisfaction of all liabilities of SIG Trading in connection with the Building Solutions Business (subject to

customary adjustment for debts and creditors) in accordance with the Building Solutions BPA, and then (pursuant to the Building Solutions SPA) agreed to dispose of the Building Solutions Business by way of the sale of the entire issued share capital of BSN to Kingspan HP for a consideration of GBP 37,500,000 on a cash free, debt free basis (subject to customary adjustment). Pursuant to the Building Solutions BPA, SIG Trading granted customary warranties to BSN. Pursuant to the Building Solutions SPA, SIG Trading granted customary warranties, indemnities and a tax covenant in favour of Kingspan HP. Liability of SIG Trading under the Building Solutions SPA in respect of tax warranties and the tax covenant expires on 7 October 2026. Liability in respect of the other warranties and indemnities under the Building Solutions SPA expire at intervals between 7 April 2021 to 7 October 2024. SIG Trading also granted certain restrictive covenants relating to, inter alia, not carrying on or being engaged or concerned with a business which directly competes with the Building Solutions Business, for a period of three years from 7 October 2019.

The Building Solutions SPA was conditional on the satisfaction of certain conditions, including obtaining the clearance of the UK Competition and Markets Authority for the transaction. The Building Solutions SPA was terminated on 21 May 2020. See paragraph 2.4 (“*Disposals*”) of Part 13 (“*Operating and Financial Review*”) of this Prospectus.

13. UK TAXATION

13.1. General

The following statements are intended to apply only as a general guide to certain UK tax considerations in relation to the New Ordinary Shares and do not constitute tax advice. They are based on current UK tax law and what is understood to be the current practice of HMRC (which may not be binding on HMRC), both of which are subject to change at any time, possibly with retrospective effect.

They relate only to certain limited aspects of the UK taxation treatment of, and are intended to apply only to Shareholders who are resident and, in the case of individuals, domiciled or deemed domiciled, solely in the UK for UK tax purposes (except where the position of non-UK resident or non-UK domiciled Shareholders is referred to expressly) and do not apply to Shareholders to whom split-year treatment applies. They apply only to Shareholders who hold the Ordinary Shares as investments (other than under an individual savings account or a self-invested personal pension) and who are the absolute beneficial owners of both the Ordinary Shares and any dividends paid on them. The statements may not apply to certain classes of shareholders such as (but not limited to) trustees, persons acquiring New Ordinary Shares in connection with an office or employment, persons holding their shares through trust arrangements, dealers in securities, banks insurance companies and collective investment schemes.

Prospective holders of New Ordinary Shares who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their UK tax position should seek their own professional advice.

The following statements also assume that the Finance Bill 2019-21 will be enacted in substantially its form as at the date of this Prospectus.

13.2. Dividends

Withholding tax

The Company will not be required to deduct or withhold amounts on account of UK tax at source from dividend payments it makes, irrespective of the residence or particular circumstances of the Shareholder receiving such dividend payment.

13.2.1. Individuals

A nil rate of income tax will apply for the first £2,000 of dividend income received by individual Shareholders in a tax year (the **Nil Rate Band**).

The rate of tax applicable to dividend income in excess of the Nil Rate Band will depend on the wider tax position of the Shareholder. Broadly speaking, after taking into account the amount (if any) of a Shareholder's personal allowance, and any other allowances, exemptions and reliefs, the Shareholder's taxable income up to the basic rate limit will fall within the basic rate band; taxable income between the basic rate limit and the higher rate limit will fall within the higher rate band; and taxable income above the higher rate limit will fall within the additional rate band. For the tax year running 6 April 2020 to 5 April 2021 the basic rate limit is £37,500 and the higher rate limit is £150,000 (although, these limits can be increased in certain circumstances).

The rates of income tax on dividends received above the Nil Rate Band are: (a) 7.5% for dividends in the basic rate band; (b) 32.5% for dividends in the higher rate band; and (c) 38.1% for dividends in the additional rate band.

In determining the tax band in which any dividend income over the Nil Rate Band falls, dividend income is treated as the top slice of a Shareholder's income and dividend income within the Nil Rate Band is still taken into account.

Because dividend income (including income within the Nil Rate Band) is taken into account in assessing whether a Shareholder's overall income is above the higher or additional rate limits, the receipt of such income may also affect the amount of personal allowances to which the Shareholder is entitled.

13.2.2. Companies

A Shareholder within the charge to UK corporation tax that is a "small company" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on any dividend received from the Company provided certain conditions are met (including an anti-avoidance condition).

A Shareholder within the charge to UK corporation tax that is not a "small company" for this purpose will not be subject to UK corporation tax on any dividend received from the Company so long as the dividend falls within an exempt class and certain conditions are met. For example, (i) dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to the Company's assets on its winding-up; and (ii) dividends paid to a person holding less than a 10% interest in the Company, should generally fall within an exempt class. However, the exemptions mentioned above are not comprehensive and are subject to anti-avoidance rules.

If the conditions for exemption are not met or cease to be satisfied, or such a Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company, at the rate of corporation tax applicable to that Shareholder (the main rate of corporation tax is currently 19%).

13.3. Capital gains

13.3.1. New Ordinary Shares acquired pursuant to the Open Offer

The acquisition of New Ordinary Shares pursuant to the Open Offer may not technically constitute a reorganisation of share capital for the purposes of UK taxation on chargeable gains. The published practice of HMRC to date in respect of open offers has been to treat an acquisition of shares by an existing shareholder up to their *pro rata* entitlement pursuant to the terms of an open offer as a reorganisation but it is understood that HMRC may not apply this practice in circumstances where an open offer is not made to all shareholders, as is the case here. Whether HMRC will treat the Open Offer as a reorganisation, wholly or in part, cannot

therefore be guaranteed and specific confirmation has not been sought from HMRC in relation to the Open Offer.

If, or to the extent that, the acquisition of the New Ordinary Shares pursuant to the Open Offer is treated as a reorganisation of the Company's share capital for the purposes of the UK taxation on chargeable gains, a Shareholder should not be treated as acquiring a new asset or as making a disposal of any part of their corresponding holding of Existing Ordinary Shares by reason of taking up all or part of that Shareholder's entitlement to New Ordinary Shares. Instead, New Ordinary Shares issued to a Shareholder should be treated as the same asset, and having been acquired at the same time, as that Shareholder's Existing Ordinary Shares. The amount paid for the New Ordinary Shares acquired under the Open Offer up to a Shareholder's entitlement should be added to the base cost of that Shareholder's Existing Ordinary Shares.

If, or to the extent that, the acquisition of New Ordinary Shares pursuant to the Open Offer is not treated by HMRC as a reorganisation, those shares should be treated as acquired separately from the Existing Ordinary Shares. In that case, the share identification rules would need to be considered in respect of any subsequent disposal or deemed disposal of Ordinary Shares in order to establish which acquisition costs could be taken into account in computing any gain from the disposal or deemed disposal.

13.3.2. Disposals of Ordinary Shares (including New Ordinary Shares)

A disposal or deemed disposal of Ordinary Shares by a Shareholder who is resident in the UK for tax purposes may, depending on the Shareholder's circumstances and subject to any available exemptions and reliefs, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains.

(a) Individuals

For individual Shareholders, the principal factors that will determine the UK capital gains tax position on a disposal or deemed disposal of Ordinary Shares are the extent to which the Shareholder realises any other capital gains in the UK tax year in which the disposal is made, the extent to which the Shareholder has incurred capital losses in that or earlier UK tax years, the UK income tax band into which the Shareholder falls, and the level of the annual allowance of tax-free gains in that UK tax year (the **Annual Exemption**). The Annual Exemption for the tax year running 6 April 2020 to 5 April 2021 is £12,300.

The applicable rate for an individual Shareholder who makes a capital gain on the disposal (or deemed disposal) of Ordinary Shares which (after taking advantage of the Annual Exemption and deducting any available capital losses) is liable to UK capital gains tax is 10% or 20%, depending on the individual's personal circumstances, including other taxable income and gains in the relevant year.

A Shareholder who ceases to be resident in the UK for tax purposes and then reacquires UK tax residence before five complete tax years have elapsed and who disposes of Ordinary Shares during that period of non-residence may also be liable on their return to the UK to tax on any capital gain realised, subject to any available exemptions or reliefs.

(b) Companies

A disposal or deemed disposal of Ordinary Shares by a Shareholder within the charge to UK corporation tax may give rise to a chargeable gain or allowable loss for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemptions or reliefs. Corporation tax is charged on chargeable gains at the rate applicable to that company.

13.4. Stamp duty and stamp duty reserve tax

The following statements about UK stamp duty and SDRT apply regardless of whether or not a Shareholder is resident, domiciled or deemed domiciled in the UK. Certain categories of person, including intermediaries, brokers, dealers and persons connected with depositary receipt arrangements and clearance services, may not be liable to stamp duty or SDRT or may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

13.4.1. The Open Offer

No liability to stamp duty or SDRT will arise on the issue of the New Ordinary Shares by the Company.

Special rules apply to depositary receipt systems and clearance services which are discussed below.

Deposit of New Ordinary Shares in CREST

Deposits of New Ordinary Shares into CREST will generally not be subject to stamp duty or SDRT unless such a transfer is made for a consideration in money or money's worth, in which case a liability to SDRT will arise usually at the rate of 0.5% of the amount of value of the consideration.

Subsequent transfers within CREST

Paperless transfers of Ordinary Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5% of the amount of value of the consideration. However, in certain circumstances where Ordinary Shares are transferred to a company (or its nominee) that is connected with the transferor (and group relief is not available in respect of that transfer), the chargeable consideration on which SDRT is charged may be deemed to be the higher of the consideration actually given and the market value of the Ordinary Shares in question. CREST is obliged to collect SDRT on relevant transactions settled within the system and to account for this to HMRC.

Subsequent transfers outside CREST

The conveyance or transfer on sale of Ordinary Shares outside the CREST system will generally be subject to stamp duty on the instrument of transfer at the rate of 0.5% of the amount or value of the consideration given (rounded up to the nearest £5). However, in certain circumstances where Ordinary Shares are transferred to a company (or its nominee) that is connected with the transferor (and group relief is not available in respect of that transfer), the chargeable consideration on which stamp duty is charged may be deemed to be the higher of the consideration actually given and the market value of the Ordinary Shares in question.

An exemption from stamp duty is available on an instrument transferring Ordinary Shares where the amount or value of the chargeable consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

An unconditional agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT at the rate of 0.5% of the amount or value of the chargeable consideration for the Ordinary Shares ; save that, in certain circumstances where there is an unconditional agreement for Ordinary Shares to be transferred to a company (or its nominee) that is connected with the transferor (and group relief is not available in respect of that transfer), the chargeable consideration on which SDRT is charged may be deemed to be the higher of the consideration actually given and the market value of the Ordinary Shares in question. However, where within six years of the date of the agreement (or, if the agreement is conditional, the date on which it becomes unconditional) an instrument of transfer is executed pursuant to the agreement, and stamp duty is paid on that instrument, any SDRT already paid will generally be refunded (generally, but not necessarily, with interest) provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled.

The purchaser or transferee of the Ordinary Shares will generally be responsible for paying SDRT. In the absence of contractual agreement no party is legally responsible for the payment of stamp duty as it is not an assessable tax; however, in practice the purchaser or transferee will usually pay this to ensure that the company register of members can be updated by the registrar to show the transfer.

Clearance Services and Depository Receipt arrangements

Subject to the comments in the following paragraphs, where Ordinary Shares are issued or transferred: (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depository receipts, stamp duty or SDRT may be payable at a rate of 1.5% of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares (in the case of stamp duty, rounded up to the nearest multiple of £5).

However, following litigation, HMRC has confirmed that it will no longer seek to impose the 1.5% SDRT charge on issues or transfers integral to capital raising of UK shares to depository receipt issuers and clearance services anywhere in the world on the basis that the charge is not compatible with EU law. HMRC's published practice states that the 1.5% SDRT charge will still apply to transfers of shares to depository receipt issuers or clearance services that are not an integral part of an issue of share capital. Specific professional advice should be sought before paying the 1.5% SDRT or stamp duty charge in any circumstances.

Transfers of Ordinary Shares within a clearance service or transfers of depository receipts issued in respect of the Ordinary Shares within a depository receipt system will generally be exempt from SDRT and, provided no instrument of transfer is entered into, will not be subject to stamp duty. However, clearance service providers may opt, in certain circumstances, for the 0.5% rate of SDRT and stamp duty to apply to the entry into, and transfers of Ordinary Shares within, the clearance service instead of the 1.5% charges described above.

14. LITIGATION AND ARBITRATION

Except as disclosed below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during a period covering at least the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

Following the Company's full year trading update published on 9 January 2020, the Company commissioned PwC to undertake an independent review in light of the disparity between the forecast level of underlying profit before tax for the financial year 2019 set out in the Group's January 2020 trading update and market consensus of forecast profit before that announcement. The evidence as presented in the PwC Report indicated a number of issues with the 2019 forecasting process, with a principal shortcoming being in the reporting to the Board of information received by the Group from its businesses. Further, the evidence indicated that, in the latter part of the second half of 2019, in particular, underlying forecasts from certain of the Group's businesses were the subject of material positive overlays at the Group level and, in addition, the attendant risks to those underlying forecasts were both poorly classified and poorly reported at the Group level, with the result that the Board was unsighted as to the overall picture. The PwC Report indicated that the issues identified were not adequately communicated to the Board.

The Company has referred itself to the FCA regarding these circumstances and, since self-referral, has recently provided to the FCA a copy of the PwC Report for its consideration. The FCA has wide-ranging powers to investigate potential breaches of market rules and regulations, including the power to require disclosure of documents and to compel witnesses to be interviewed. The FCA also has wide-ranging powers to impose sanctions in the event it finds an issuer has breached market rules or regulations, including censuring issuers and imposing financial sanctions. There is no certainty whether the FCA will open an

investigation into the Company; how long any such investigation would take to conclude; the findings of the FCA and any remedy imposed by the FCA.

15. RELATED PARTY TRANSACTIONS

Details of related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) No 1606/2002) that the Company has entered into are set out below:

- (a) during the financial year ended 31 December 2017, such transactions are disclosed on p. 65 and in note 30 on p. 157 of the Company's 2017 Annual Report and Accounts which is hereby incorporated by reference into this Prospectus;
- (b) during the financial year ended 31 December 2018, such transactions are disclosed on p. 68 and in note 30 on p. 173 of the Company's 2018 Annual Report and Accounts which is hereby incorporated by reference into this Prospectus; and
- (c) during the financial year ended 31 December 2019, such transactions are disclosed on p. 93 and in note 31 on p. 207 of the Company's 2019 Annual Report and Accounts which is hereby incorporated by reference into this Prospectus;
- (d) during the period from 1 January 2020 to the date of this Prospectus, the Company has not entered into any related party transactions.

16. WORKING CAPITAL

16.1. Working Capital Statement.

In the opinion of the Company, the Group does not have sufficient working capital for its present requirements, that is, for at least twelve months following the date of this Prospectus.

The Company has reached this opinion due to the fact that it must raise gross proceeds of at least £125 million by 29 July 2020 in order to avoid an Equity Failure Event under each Amended Debt Facilities Agreement. The Capital Raise relies heavily on the CD&R Investment, £60 million of which is not underwritten, in order to raise the minimum gross proceeds of £125 million. If the Capital Raise succeeds in raising the required £125 million, there will be no shortfall in working capital for at least twelve months following the date of this Prospectus.

The CD&R Investment is subject to certain conditions, which are outside the control of the Group and which, if not met, would result in the Capital Raise failing to occur in its present form and on the basis presented in this Prospectus. Specifically, the CD&R Investment will not proceed if the CD&R Subscription Agreement were to be terminated in accordance with its terms. If the CD&R Investment does not proceed, the Company will have triggered an Equity Failure Event under each Amended Debt Facilities Agreement and the Capital Raise would not occur in its present form and on the basis presented in this Prospectus, and Admission of the Shares to trading would not occur. If the Capital Raise were otherwise to fail to proceed or to raise gross proceeds of at least £125 million by 29 July 2020, the Company will also have triggered an Equity Failure Event under each Amended Debt Facilities Agreement. The occurrence of an Equity Failure Event will lead to an Event of Default occurring under each Amended Debt Facilities Agreement 10 business days thereafter.

16.2. Plan to rectify working capital shortfall

The Company proposes to rectify this anticipated shortfall in working capital by completing the Capital Raise by 29 July 2020. The Company is confident in its ability to rectify the working capital shortfall in this manner due to the support the Company has received for the Capital Raise in the form of the conditional CD&R Investment and the agreement by IKO, the Company's largest shareholder, to vote in favour of the

Capital Raise Resolutions that it is entitled to vote on, to acquire 65.4 million New Ordinary Shares at the Issue Price in the Firm Placing and to take up in full its Open Offer Entitlements.

16.3. *Implications of a failure of the Company's plan to rectify working capital shortfall*

If an Equity Failure Event occurs due: to (i) the CD&R Subscription Agreement being terminated in accordance with its terms; or (ii) the Capital Raise otherwise failing to proceed or to raise gross proceeds of at least £125 million by 29 July 2020, the Company is required, no later than 5 business days thereafter, to provide a deleveraging plan for the approval of the RCF Lenders and the Noteholders. If the Event of Default occurring as a result of the Equity Failure Event is not waived by the requisite majority of the RCF Lenders and by each Noteholder, the RCF Lenders and the respective Noteholders would be entitled to accelerate and demand repayment in full of the amounts outstanding under the respective Amended Debt Facilities Agreements (including principal and accrued interest). The principal amounts outstanding under the Amended Debt Facilities Agreements as at the date of this Prospectus are £70 million under the Revolving Credit Facility Agreement and EUR181 million and USD30 million in respect of the Notes. The Group would then have an immediate liquidity need in an amount equal to such amounts, net of any cash then on hand. In such circumstances, the RCF Lenders and the Noteholders would also be entitled to make demand against various Group companies who have provided guarantees in respect of the Amended Debt Facilities Agreements. Following any such demand, the Group does not expect to have the funds available to repay such amounts at that time. In such circumstances, in the absence of being able to successfully agree or implement any of the alternatives discussed below, the Group would be unable to continue as a going concern.

Alongside the provision of a deleveraging plan to the RCF Lenders and Noteholders, the Company would immediately engage with the RCF Lenders and Noteholders to determine any basis upon which they may be prepared to continue to support the Group, if at all, in the absence of CD&R's participation or of any further capital being raised in the short term, as applicable. As a result, if an Equity Failure Event occurs, the Group would first seek to renegotiate the terms of the Amended Debt Facilities Agreements with the RCF Lenders and the Noteholders to secure waivers of any Equity Failure Event which had occurred and further accommodation (including the ability to make further drawings under the Revolving Credit Facility Agreement to meet the Group's liquidity requirements) to enable the Group to continue to trade as a going concern. However, the Group may be unable to obtain such waivers and further accommodation from the RCF Lenders and/or the Noteholders, either at all or without significant cost to the Group.

If the RCF Lenders and/or the Noteholders did not agree to waivers of the Equity Failure Event and to provide further accommodation (including the ability to make further drawings under the Revolving Credit Facility Agreement to meet the Group's liquidity requirements) on commercially acceptable terms to enable the Group to continue to trade as a going concern, the Group may seek alternative sources of funding to refinance the amounts outstanding under the Revolving Credit Facility Agreement and the Notes.

If the Equity Failure Event results from the Capital Raise failing to proceed or to raise gross proceeds of at least £125 million by 29 July 2020, the Company could take action to commence another equity raise under a new prospectus with new shareholder resolutions, or alternatively effect disposals of assets or a merger or acquisition transaction involving the Company. However, the Amended Debt Facilities Agreements restrict the Group's ability to make any such disposals and enter into such merger or acquisition transactions and the Group would need to receive the approval of the RCF Lenders and the Noteholders to make any such disposals or enter into such merger or acquisition transactions, which approval could be withheld.

As any of the above options would require the participation, agreement or approval of external parties, the Directors are not confident that any such alternative courses of action could be achieved in the limited time available on commercially acceptable terms, or that they ultimately would be successful. If the Company fails to secure any alternative funding on commercially acceptable terms and/or is otherwise unable to successfully pursue any of the above options on commercially acceptable terms, or at all, within the required time, the Company will cease to be able to operate as a going concern and the Board may, as a result, decide

to place the Company into administration or petition the court for the compulsory liquidation of the Company, or the Company's creditors may petition the court for the administration or compulsory liquidation of the Company.

17. NO SIGNIFICANT CHANGE

Save as disclosed below, there has been no significant change in the financial performance or financial position of the Group since 31 December 2019, being the date to which the latest financial information of the Group in Part 14 (“*Historical Financial Information*”) of this Prospectus was prepared.

As a result of the impacts of declining revenue under the previous strategy and COVID-19 on the construction industry across Europe generally, the Company expects a severe reduction in sales. Even before the COVID-19 pandemic, the Group's revenue for the two months ended 29 February 2020 was £296.0 million, which was a decrease of £36.9 million, or 11.1%, from £332.9 million for the two months ended 28 February 2019 on a comparable basis. Trading in the UK and Germany saw a continuation of the challenging trends seen in the last quarter of 2019, whilst trading activity in the rest of Europe was relatively stable. Due to reduced sales volumes in key markets adversely impacting supplier rebates, gross profit margin fell for the two months ended 29 February 2020 compared to the two months ended 28 February 2019. The Group posted an underlying operating loss of £9.1 million, pre-IFRS16, in the two months ended 29 February 2020. Revenues in March and April were significantly impacted by the COVID-19 outbreak, particularly in the UK, Ireland and France. The Group's revenue for the two months ended 30 April 2020 was £235.0 million, compared to £373.8 million for the two months ended 30 April 2019. The Group has seen a gradual improvement in trading performance throughout May and June 2020, particularly in the UK and Ireland where branches continued to reopen during May as lockdown eased.

Following receipt of the sale proceeds from the disposal of the Air Handling business to France Air in January 2020 for an enterprise value of £187 million, generating a net cash inflow of £163 million, before transaction costs, and as a result of strengthened cash control measures during the COVID-19 pandemic response, as at 11 June 2020, the Group had £181.7 million of cash and a net debt position, pre-IFRS 16, of £85.4 million.

The Group was able to seek and receive amendments and waivers of covenants and to other terms of its Revolving Credit Facility Agreement and the Note Purchase Agreements, including a waiver of certain events of default under the Debt Facilities Agreements. However, the amendments include a new equity failure event as an event of default under the Amended Debt Facilities Agreements if the Capital Raise fails to proceed, or fails to raise gross proceeds of at least £125 million by 29 July 2020.

The Group's agreement for the sale of Building Solutions to the Kingspan Group was conditional on the satisfaction of certain conditions, including completion of the clearance process by the UK Competition and Markets Authority (the **CMA**). As announced to the market on 7 April 2020 the disposal was referred to a Phase 2 investigation by the CMA. However, because the agreement was due to expire on 7 July 2020, whereas the investigation was expected to conclude in October 2020, an extension to the agreement would have been required. Due to prevailing market conditions, the Group and the Kingspan Group were not able to agree commercial terms for an extension, and accordingly terminated the agreement on 21 May 2020.

18. MANDATORY BIDS AND COMPULSORY ACQUISITION

The City Code is issued and administered by the Panel. The Company is subject to the City Code and therefore shareholders are entitled to the protection afforded by the City Code.

18.1. Mandatory bids

Under Rule 9 of the City Code when: (i) a person acquires an interest in shares which (taken together with shares he and persons acting in concert with him are interested) carry 30% or more of the voting rights of a

company subject to the City Code; or (ii) a person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company, but does not hold shares carrying more than 50% of the voting rights of the company subject to the City Code, and such person, or any persons acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, then in either case, that person together with the person acting in concert with him, is required (except with the consent of the Panel) to extend a cash offer for the outstanding shares in the Company, at a price not less than the highest price paid by him (or any persons acting in concert with him) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class or transferable securities carrying voting rights.

Based on notifications to the Company in accordance with Chapter 5 of the Transparency Rules, those shareholders noted in paragraph 6.3 (“*Significant Shareholders*”) of this Part 16 were interested in an aggregate of approximately 64.93% of the issued share capital of the Company as at 18 June 2020 (being the latest practicable date before the date of this Prospectus). Any buy back by the Company of Shares may give rise to an increase in the percentage ownership of the Company's issued Shares by these major shareholders.

18.2. Squeeze out and sell-out

Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90% of the shares in the Company (in value and by voting rights) to which such offer relates, it may then, within three months of the last day on which its takeover offer can be accepted, compulsorily acquire the outstanding shares not assented to the offer. The offeror would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90% of the shares in the Company (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his/her shares on the same terms as the takeover offer. The offeror would be required to give any holder of shares notice of his/her right to be bought out within one month of that right arising. These sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying him/her of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

19. CONSENTS

Peel Hunt LLP has given and has not withdrawn its written consent to the inclusion in this Prospectus of its name and the references to it in the form and context in which it appears.

Jefferies International Limited has given and has not withdrawn its written consent to the inclusion in this Prospectus of its name and the references to it in the form and context in which it appears.

Lazard & Co., Limited has given and has not withdrawn its written consent to the inclusion in this Prospectus of its name and the references to it in the form and context in which it appears.

KPMG LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given, and not withdrawn, its written consent to the inclusion of its report on the unaudited *pro forma* statement of

net assets of the Group set out in section B of Part 15 (*Unaudited Pro Forma Financial Information*) of this Prospectus in the form and context in which it appears.

A written consent under the Prospectus Regulation Rules is different from a consent filed with the SEC under section 7 of the Securities Act. As the Ordinary Shares have not been and will not be registered under the Securities Act, no consents under section 7 of the Securities Act have been filed or are required to be filed.

20. AUDITOR

Ernst & Young LLP, whose registered address is 1 More London Place, London, SE1 2AF, has been the independent auditors of the Company since July 2018.

Ernst & Young LLP is a member of the Institute of Chartered Accountants in England and Wales.

21. GENERAL

The total costs and expenses of, and incidental to, the Capital Raise (including the listing fees of the FCA, professional fees and expenses and the costs of printing and distribution of documents) are estimated to amount to approximately £11.9 million and are payable by the Company. Included within the total are commissions, in relation to the Capital Raise of the New Ordinary Shares, which are expected to be approximately £4.5 million payable to the Joint Bookrunners. The total net proceeds accruing to the Company from the Capital Raise after settling fees, expenses and commissions payable by the Company, are expected to amount to approximately £153.1 million.

The financial information contained in this Prospectus which relates to the Company does not constitute full statutory accounts as referred to in section 434 of the Companies Act. Statutory consolidated audited accounts of the Company, on which the auditors have given unqualified reports and which contained no statement under section 498(2) or (3) of the Companies Act, have been delivered to the Registrar of Companies in respect of the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019.

The Company has taken out “directors' and officers' insurance” in respect of the Directors and Senior Management on terms which the Directors consider to be appropriate in the context of the business of the Group. Each of the Directors will have the benefit of a qualifying third party indemnity (the terms of which are in accordance with the Companies Act).

22. INCORPORATION BY REFERENCE

The table below set outs the various information incorporated by reference into this document, so as to provide the information required under the Listing Rules.

<u>Document</u>	<u>Information incorporated by reference</u>	<u>Paragraph in this document which refers to the information incorporated by reference</u>	<u>Where the information can be accessed by shareholders</u>
Company's 2019 Annual Report and Accounts	Consolidated Income Statement included on page 136 of the consolidated financial statements for the financial year ended 31 December 2019	Part 14 (“ <i>Historic Financial Information</i> ”)	https://www.sigplc.com/~/_media/Files/S/SIG-Corp/AnnualReports/SIG-AR2019webready.pdf
	Consolidated Statement of Comprehensive Income	Part 14 (“ <i>Historic Financial Information</i> ”)	https://www.sigplc.com/~/_media/Files/S/SIG-Corp/Annual

<u>Document</u>	<u>Information incorporated by reference</u>	<u>Paragraph in this document which refers to the information incorporated by reference</u>	<u>Where the information can be accessed by shareholders</u>
	included on page 137 of the consolidated financial statements for the financial year ended 31 December 2019		Reports/SIG-AR2019 webready.pdf
	Consolidated Balance Sheet included on page 138 of the consolidated financial statements for the financial year ended 31 December 2019	Part 14 (“ <i>Historic Financial Information</i> ”)	https://www.sigplc.com/~media/Files/S/SIG-Corp/AnnualReports/SIG-AR2019webready.pdf
	Consolidated Statement of Changes in Equity included on page 139 of the consolidated financial statements for the financial year ended 31 December 2019	Part 14 (“ <i>Historic Financial Information</i> ”)	https://www.sigplc.com/~media/Files/S/SIG-Corp/AnnualReports/SIG-AR2019webready.pdf
	Consolidated Cash Flow Statement included on page 140 of the consolidated financial statements for the financial year ended 31 December 2019	Part 14 (“ <i>Historic Financial Information</i> ”)	https://www.sigplc.com/~media/Files/S/SIG-Corp/AnnualReports/SIG-AR2019webready.pdf
	Statement of Significant Accounting Policies included on pages 141-153 of the consolidated financial statements for the financial year ended 31 December 2019	Part 14 (“ <i>Historic Financial Information</i> ”)	https://www.sigplc.com/~media/Files/S/SIG-Corp/AnnualReports/SIG-AR2019webready.pdf
	Critical accounting judgements and key sources of estimation uncertainty included on pages 154-155 of the consolidated financial statements for the financial year ended 31 December 2019	Part 14 (“ <i>Historic Financial Information</i> ”)	https://www.sigplc.com/~media/Files/S/SIG-Corp/AnnualReports/SIG-AR2019webready.pdf
	Notes to the Financial Statements included on pages 156-216 of the consolidated financial statements for the financial year ended 31 December 2019	Part 14 (“ <i>Historic Financial Information</i> ”)	https://www.sigplc.com/~media/Files/S/SIG-Corp/AnnualReports/SIG-AR2019webready.pdf
	Independent Auditor's Report included on pages 217-226 of the consolidated financial statements for the financial year ended 31 December 2019	Part 14 (“ <i>Historic Financial Information</i> ”)	https://www.sigplc.com/~media/Files/S/SIG-Corp/AnnualReports/SIG-AR2019webready.pdf
	Company Statement of Comprehensive Income included on page 229 of the consolidated financial statements for the financial year ended 31 December 2019	Part 14 (“ <i>Historic Financial Information</i> ”)	https://www.sigplc.com/~media/Files/S/SIG-Corp/AnnualReports/SIG-AR2019webready.pdf
	Company Balance Sheet included on page 230 of the	Part 14 (“ <i>Historic Financial Information</i> ”)	https://www.sigplc.com/~media/Files/S/SIG-Corp/Annual

<u>Document</u>	<u>Information incorporated by reference</u>	<u>Paragraph in this document which refers to the information incorporated by reference</u>	<u>Where the information can be accessed by shareholders</u>
Company's 2018 Annual Report and Accounts	consolidated financial statements for the financial year ended 31 December 2019		Reports/SIG-AR2019 webready.pdf
	Company Statement of Changes in Equity included on page 231 of the consolidated financial statements for the financial year ended 31 December 2019	Part 14 (" <i>Historic Financial Information</i> ")	https://www.sigplc.com/~media/Files/S/SIG-Corp/AnnualReports/SIG-AR2019webready.pdf
	Company Statement of Significant Accounting Policies included on pages 232-235 of the consolidated financial statements for the financial year ended 31 December 2019	Part 14 (" <i>Historic Financial Information</i> ")	https://www.sigplc.com/~media/Files/S/SIG-Corp/AnnualReports/SIG-AR2019webready.pdf
	Notes to the Company Financial Statements included on pages 236-241 of the consolidated financial statements for the financial year ended 31 December 2019	Part 14 (" <i>Historic Financial Information</i> ")	https://www.sigplc.com/~media/Files/S/SIG-Corp/AnnualReports/SIG-AR2019webready.pdf
	Group companies 2019 included on pages 242-243 of the consolidated financial statements for the financial year ended 31 December 2019	Part 14 (" <i>Historic Financial Information</i> ")	https://www.sigplc.com/~media/Files/S/SIG-Corp/AnnualReports/SIG-AR2019webready.pdf
	Information on related party transactions included on page 93 and in note 31 on pages 207 of the consolidated financial statements for the financial year ended 31 December 2019	Paragraph 15 (" <i>Related Party Transactions</i> ") of this Part 16 (" <i>Additional Information</i> ")	https://www.sigplc.com/~media/Files/S/SIG-Corp/AnnualReports/SIG-AR2019webready.pdf
	Consolidated Income Statement included on page 108 of the consolidated financial statements for the financial year ended 31 December 2018	Part 14 (" <i>Historic Financial Information</i> ")	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf
	Consolidated Statement of Comprehensive Income included on page 109 of the consolidated financial statements for the financial year ended 31 December 2018	Part 14 (" <i>Historic Financial Information</i> ")	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf
	Consolidated Balance Sheet included on page 110 of the consolidated financial statements for the financial year ended 31 December 2018	Part 14 (" <i>Historic Financial Information</i> ")	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf
	Consolidated Statement of Changes in Equity included on page 111 of the consolidated financial statements for the	Part 14 (" <i>Historic Financial Information</i> ")	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf

<u>Document</u>	<u>Information incorporated by reference</u>	<u>Paragraph in this document which refers to the information incorporated by reference</u>	<u>Where the information can be accessed by shareholders</u>
	financial year ended 31 December 2018		
	Consolidated Cash Flow Statement included on page 112 of the consolidated financial statements for the financial year ended 31 December 2018	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf
	Statement of Significant Accounting Policies included on pages 113-124 of the consolidated financial statements for the financial year ended 31 December 2018	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf
	Critical accounting judgements and key sources of estimation uncertainty included on pages 124-125 of the consolidated financial statements for the financial year ended 31 December 2018	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf
	Notes to the Financial Statements included on pages 126-182 of the consolidated financial statements for the financial year ended 31 December 2018	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf
	Independent Auditor's Report included on pages 183-192 of the consolidated financial statements for the financial year ended 31 December 2018	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf
	Company Statement of Comprehensive Income included on page 195 of the consolidated financial statements for the financial year ended 31 December 2018	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf
	Company Balance Sheet included on page 196 of the consolidated financial statements for the financial year ended 31 December 2018	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf
	Company Statement of Changes in Equity included on page 197 of the consolidated financial statements for the financial year ended 31 December 2018	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf
	Company Statement of Significant Accounting Policies included on pages 198-199 of the consolidated financial	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf

<u>Document</u>	<u>Information incorporated by reference</u>	<u>Paragraph in this document which refers to the information incorporated by reference</u>	<u>Where the information can be accessed by shareholders</u>
	statements for the financial year ended 31 December 2018		
	Notes to the Company Financial Statements included on pages 200-205 of the consolidated financial statements for the financial year ended 31 December 2018	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf
	Group companies 2018 included on pages 206-207 of the consolidated financial statements for the financial year ended 31 December 2018	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf
	Information on related party transactions included on page 68 and in note 30 on pages 173 and 174 to the consolidated financial statements for the financial year ended 31 December 2018	Paragraph 15 (“ <i>Related Party Transactions</i> ”) of this Part 16 (“ <i>Additional Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf
Company’s 2017 Annual Report and Accounts	Consolidated Income Statement included on page 100 of the consolidated financial statements for the financial year ended 31 December 2017	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF
	Consolidated Statement of Comprehensive Income included on page 101 of the consolidated financial statements for the financial year ended 31 December 2017	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF
	Consolidated Balance Sheet included on page 102 of the consolidated financial statements for the financial year ended 31 December 2017	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF
	Consolidated Statement of Changes in Equity included on page 103 of the consolidated financial statements for the financial year ended 31 December 2017	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF
	Consolidated Cash Flow Statement included on page 104 of the consolidated financial statements for the financial year ended 31 December 2017	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF
	Statement of Significant Accounting Policies included on pages 105-111 of the consolidated financial	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF

<u>Document</u>	<u>Information incorporated by reference</u>	<u>Paragraph in this document which refers to the information incorporated by reference</u>	<u>Where the information can be accessed by shareholders</u>
	statements for the financial year ended 31 December 2017		
	Critical accounting judgements and key sources of estimation uncertainty included on pages 112-113 of the consolidated financial statements for the financial year ended 31 December 2017	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF
	Notes to the Financial Statements included on pages 114-166 of the consolidated financial statements for the financial year ended 31 December 2017	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF
	Independent Auditor's Report included on pages 167-177 of the consolidated financial statements for the financial year ended 31 December 2017	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF
	Company Statement of Comprehensive Income included on page 180 of the consolidated financial statements for the financial year ended 31 December 2017	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF
	Company Balance Sheet included on page 181 of the consolidated financial statements for the financial year ended 31 December 2017	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF
	Company Statement of Changes in Equity included on page 182 of the consolidated financial statements for the financial year ended 31 December 2017	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF
	Company Statement of Significant Accounting Policies included on pages 183-184 of the consolidated financial statements for the financial year ended 31 December 2017	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF
	Notes to the Company Financial Statements included on pages 185-190 of the consolidated financial statements for the financial year ended 31 December 2017	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF
	Group companies 2018 included on pages 191-192 of the consolidated financial	Part 14 (“ <i>Historic Financial Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF

<u>Document</u>	<u>Information incorporated by reference</u>	<u>Paragraph in this document which refers to the information incorporated by reference</u>	<u>Where the information can be accessed by shareholders</u>
	statements for the financial year ended 31 December 2017 Information on related party transactions included on page 65 and in note 30 on page 157 to the consolidated financial statements for the financial year ended 31 December 2017	Paragraph 15 (“ <i>Related Party Transactions</i> ”) of this Part 16 (“ <i>Additional Information</i> ”)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF

Information that is itself incorporated by reference in the above documents is not incorporated by reference into this document. Where only parts of a document are being incorporated by reference in this document, the parts of the document which are not being incorporated by reference are either not relevant for the investor or are covered elsewhere in this document.

23. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection on the Company's website (www.sigplc.com), from the date of this Prospectus up to and including the date of the General Meeting:

- the Articles;
- the consent letters referred to in paragraph 19 (“*Consents*”) of this Part 16;
- the historical financial information relating to the Group for the years ended 31 December 2019, 31 December 2018 and 31 December 2017, as well as the relevant auditor's reports thereon, incorporated by reference in Part 14 (“*Historical Financial Information*”) of this Prospectus; and
- this Prospectus.

Dated 19 June 2020.

PART 17
DEFINITIONS AND GLOSSARY

Definitions

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

2020 Notes	notes issued pursuant to a note purchase agreement dated 31 October 2013 (as amended), EUR 30 million 3.71% Senior Guaranteed Notes, Series A, due 31 October 2020
2021 Notes	notes issued pursuant to a note purchase agreement dated 31 October 2013 (as amended), EUR 20 million 3.88% Senior Guaranteed Notes, Series B, due 31 October 2021
2023 Notes	notes issued pursuant to a note purchase agreement dated 31 October 2013 (as amended), EUR 30 million 4.23% Senior Guaranteed Notes, Series C, due 31 October 2023 and notes issued pursuant to a note purchase agreement dated 31 October 2013 (as amended) EUR 20 million 4.23% Senior Guaranteed Notes, Series D, due 31 October 2023
2026 Notes	notes issued pursuant to a note purchase agreement dated 17 June 2016 (as amended), EUR 20 million 2.83% Senior Guaranteed Notes, Series A, due 12 August 2026, notes issued pursuant to a note purchase agreement dated 17 June 2016 (as amended), EUR 61 million 2.83% Senior Guaranteed Notes, Series B, due 12 August 2026, notes issued pursuant to a note purchase agreement dated 17 June 2016 (as amended), EUR 20 million 2.83% Senior Guaranteed Notes, Series C, due 12 August 2026
Additional Resolution	means resolution number 5 to be proposed at the General Meeting set out in the Notice of General Meeting
Admission	admission of the New Ordinary Shares to be issued pursuant to the Capital Raise to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities
ADRs	American Depositary Receipts, a negotiable U.S. certificate representing ownership of shares in the Company; each ADR evidences a single American Depositary Share representing 50 Ordinary Shares of the Company
ADR Holders	the holders of any ADRs from time to time and ADR Holder means any one of them
Amendments	amendments under the Debt Facilities Agreements
Amended Debt Facilities Agreements	the Debt Facilities Agreements as amended and restated on 18 June 2020
Amended Revolving Credit Facility Agreement	has the meaning given in paragraph 12.1 (“ <i>Revolving Credit Facility</i> ”) of Part 16 (“ <i>Additional Information</i> ”) of this Prospectus
American Depositary Shares	the securities represented by the rights and interests in the Ordinary Shares deposited under the Deposit Agreement, granted to ADR Holders pursuant to the terms and conditions of the Deposit Agreement and evidenced by the ADRs issued pursuant to the Deposit Agreement
Annual Exemption	has the meaning given to it in paragraph 13 (“ <i>UK Taxation</i> ”) of Part 16 (“ <i>Additional Information</i> ”) of this Prospectus

Application Form	the application form accompanying this Prospectus on which Qualifying Non-CREST Shareholders who are registered on the register of the Company at the Record Date may apply for Open Offer Shares under the Open Offer
Articles	the existing articles of association of the Company, a summary of which is set out in paragraph 4 (“ <i>Summary of the Articles of Association</i> ”) of Part 16 (“ <i>Additional Information</i> ”) of this Prospectus
Audit Committee	the audit committee of the Board, as constituted from time to time
Awards	awards that may be granted under the Share Plans
Board	the board of directors of the Company from time to time
Brexit	the United Kingdom's exit from the European Union
Business Day	a day (other than Saturday, Sunday or a public holiday) on which banks are generally open for business in the City of London for the transaction of normal banking business
Capital Raise	means the CD&R Investment together with the Firm Placing and Placing and Open Offer and the Director and Senior Management Subscriptions
Capital Raise Resolutions	means resolutions 1 to 4 (being the resolutions authorising the Capital Raise) to be proposed at the General Meeting set out in the Notice of General Meeting.
CD&R	means CD&R Sunshine S.à r.l., a company incorporated in Luxembourg, whose registered office is at 15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg
CD&R Investment	the amount of £60.0 million committed by CD&R in respect of New Ordinary Shares at an issue price of £0.25 per share
CD&R Relationship Agreement	means the relationship agreement dated 29 May 2020 between the Company and CD&R
CD&R Subscription Agreement	means the subscription agreement dated 29 May 2020 between the Company and CD&R, as amended and restated on 18 June 2020
certificated or certificated form	recorded on the relevant register of the share or security concerned as being held in certificated form in physical paper (that is, not in CREST)
Chairman	Andrew Allner
Chief Executive Officer or CEO	Steve Francis
Interim Chief Financial Officer or CFO	Katharina Kearney-Croft
Chief Financial Officer (elect) or CFO (elect)	Ian Ashton
City Code	the City Code on Takeovers and Mergers
Code	the U.S. Internal Revenue Code of 1986
Companies Act	the Companies Act 2006, as amended
Company	SIG plc
Conditional Placees	such persons who have agreed to subscribe for Open Offer Shares issued in connection with the Placing subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer
CREST	the electronic transfer and settlement system for the paperless settlement of trades in listed securities operated by Euroclear
CREST Member	a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378)

CREST Sponsor	a CREST participant admitted to CREST as a CREST Sponsor
CREST Sponsored Member	a CREST Member admitted to CREST as a sponsored member
Debt Facilities Agreements	the Revolving Credit Facility Agreement and the Note Purchase Agreements, each a Debt Facilities Agreement
Deposit Agreement	deposit agreement between, among others, the Company and the Depository dated 30 March 2009 and as amended on 8 December 2014
Director and Senior Management Subscriptions	the subscriptions for New Ordinary Shares by certain Directors and Senior Management, further details of which are contained in paragraph 6.2 (“ <i>Directors’ and Senior Management’s participation in the Capital Raise</i> ”) of Part 16 (“ <i>Additional Information</i> ”) of this Prospectus
Directors	the Executive Directors and Non-Executive Directors of the Company, including the Incoming Directors
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules of the FCA
EBITDA	earnings before interest, tax, depreciation and amortisation
Enlarged Share Capital	the ordinary shares of the Company which are expected to be in issue following completion of the Capital Raise, comprising the Existing Ordinary Shares and the New Ordinary Shares
Equity Failure Event	an equity failure event under and as defined in each Amended Debt Facilities Agreement
Euroclear	Euroclear UK and Ireland Limited, the operator (as defined in the CREST Regulations) of CREST
European Economic Area	the European Union, Iceland, Norway and Liechtenstein
European Union or EU	an economic and political union of 27 member states which are located in Europe
Event of Default	an event of default under and as defined in each Amended Debt Facilities Agreement
Exchange Notes	notes to be received by the lenders of the Extended Term Loans at their option in exchange for the Extended Term Loans
Exchange Act	the Securities Exchange Act of 1934
Excluded Territories	Australia, its territories and possessions, Canada, Japan, South Africa, Malaysia, New Zealand and any other jurisdiction where the offer, sale or advertisement of the New Ordinary Shares would breach applicable law and Excluded Territory means any one of them
Excluded Territory Shareholder	any Shareholder located or resident in an Excluded Territory
Executive Directors	Steve Francis and Kath Kearney-Croft and, from 1 July 2020, Ian Ashton
Existing Ordinary Shares	the 591,556,982 Ordinary Shares in issue as at 18 June 2020 (being the latest practicable date before the publication of this Prospectus)
Existing Shareholder	any holder of Existing Ordinary Shares
FCA	the UK Financial Conduct Authority
Firm Placed Shares	the 200,012,655 New Ordinary Shares which are to be allotted and issued to Firm Placees by the Company pursuant to the Firm Placing (excluding, for the avoidance of doubt, New Ordinary Shares issued to CD&R under the CD&R Investment)

Firm Placees	such persons who have agreed to subscribe for Firm Placed Shares pursuant to the Firm Placing
Firm Placing	the placing by the Joint Bookrunners on behalf of the Company of the Firm Placed Shares to Firm Placees pursuant to the Sponsors and Placing Agreement to Firm Placees
Form of Proxy	the form of proxy for use at the General Meeting
FSMA	the UK Financial Services and Markets Act 2000, as amended
GDP	gross domestic product
General Meeting	the general meeting of the Company to be held as a closed meeting at 11:00 a.m. on 9 July 2020
Group	SIG plc and its subsidiaries
Historical Financial Information	the Group's audited consolidated financial statements for the years ended 31 December 2017, 31 December 2018 and 31 December 2019, prepared in accordance with IFRS as adopted by the European Union
HMRC	Her Majesty's Revenue and Customs
IFRS	International Financial Reporting Standards
IKO or IKO Enterprises Limited	IKO Enterprises Limited, a company incorporated in Alberta, Canada, and its affiliates
Incoming Directors	Ian Ashton and Simon King
Issue Price	30 pence per New Ordinary Share
JerseyCo	Project Galilee (Jersey) Limited a company incorporated in Jersey under registered number 131685
JerseyCo Subscriber	Jefferies International Limited
Joint Bookrunners	Jefferies International Limited and Peel Hunt LLP
Joint Sponsors	Jefferies International Limited and Peel Hunt LLP
LIBOR	London Interbank Offered Rate
Listing Rules	the listing rules made by the FCA pursuant to Part VI of FSMA
London Stock Exchange	London Stock Exchange plc
Main Market	the main market for listed securities of the London Stock Exchange
Market Abuse Regulation	Regulation (EU) No. 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse
Member State	member state of the EU
MiFID II	EU Directive 2014/65/EU on markets in financial instruments, as amended
MiFID II Product Governance Requirements	MiFID II together with: (i) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (ii) local implementing measures
Money Laundering Regulations	Money Laundering Regulations 2017
New Ordinary Shares	the 590,000,000 new Ordinary Shares proposed to be issued and allotted by the Company pursuant to the Capital Raise
New RCF	the £25,000,000 revolving credit facility under the Amended Revolving Credit Facility Agreement
Nil Rate Band	has the meaning given to it in paragraph 13 (" <i>UK Taxation</i> ") of Part 16 (" <i>Additional Information</i> ") of this Prospectus
Nominations Committee	the nominations committee of the Board, as constituted from time to time
Non-Executive Directors	Andrew Allner, Alan Lovell, Kate Allum, Ian Duncan, Gillian Kent
Note Purchase Agreements	a series of note purchase agreements dated 13 October 2013 and 17 June 2016, respectively (as amended from time to time)
Noteholders	the holders of the Notes

Notes	the 2020 Notes, 2021 Notes, 2023 Notes and 2026 Notes
Notice of General Meeting	the notice convening the General Meeting set out at Part 18 (“ <i>Notice of General Meeting</i> ”) of this Prospectus
Official List	the Official List maintained by the FCA
One-Off Payment	the one-off payment of £375,000 to Steve Francis that the Additional Resolution will authorise, if approved
Open Offer	the offer to Qualifying Shareholders, constituting an invitation to apply for the Open Offer Shares at the Issue Price and on the terms and subject to the conditions set out in the Prospectus, and in the case of Qualifying Non-CREST Shareholders, the Application Form
Open Offer Entitlement	the <i>pro rata</i> entitlement of Qualifying Shareholders to subscribe for 1 Open Offer Share for every 4 Existing Ordinary Shares registered in their name as at the Record Date, on and subject to the terms of the Open Offer
Open Offer Shares	the 126,023,818 New Ordinary Shares which have been conditionally placed with Conditional Placees subject to clawback by Qualifying Shareholders pursuant to the Open Offer
Ordinary Shares	ordinary shares of £0.10 each in the capital of the Company, which do not include ADRs
Overseas Shareholders	Shareholders with registered addresses outside the United Kingdom or who are citizens or residents of countries outside the United Kingdom
Panel	the Panel on Takeovers and Mergers established under the City Code
Placee	a Firm Placee or a Conditional Placee
Placing	the placing by the Joint Bookrunners on behalf of the Company of the Open Offer Shares to Conditional Placees pursuant to the Sponsors and Placing Agreement (subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer)
Placing and Open Offer	the placing by the Joint Bookrunners on behalf of the Company of the Open Offer Shares (subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer) pursuant to the Sponsors and Placing Agreement to Conditional Placees and the subsequent offer of such Open Offer Shares to Qualifying Shareholders
PRA	Prudential Regulation Authority
Prospectus	this document
Prospectus Regulation or PR	Regulation (EU) No 2017/1129
Prospectus Regulation Rules	the Prospectus Regulation rules made by the FCA under Part VI of FSMA relating to offers of transferrable securities to the public and admission of transferrable securities to trading on a regulated market
QIB	“qualified institutional buyer” as defined in Rule 144A under the Securities Act
Qualifying CREST Shareholders	Qualifying Shareholders holding Ordinary Shares in uncertificated form on the Record Date
Qualifying Non-CREST Shareholders	Qualifying Shareholders holding Ordinary Shares in certificated form on the Record Date
Qualifying Shareholders	holders of Ordinary Shares on the register of members of the Company at the Record Date with the exclusion of (a) subject to certain exceptions, any Excluded Territory Shareholders, (b) ADR Holders and (c) Shareholders resident in the United

RCF	States other than those who are reasonably believed to be QIBs and who deliver to the Company a signed investor letter the revolving credit facility entered into under the Revolving Credit Facility Agreement
RCF Lenders	the lenders under the Revolving Credit Facility Agreement
Record Date	6.00 p.m. on 17 June 2020
Receiving Agent	Computershare Investor Services PLC or Computershare
Registrars	Computershare Investor Services PLC
Regulation S	Regulation S under the Securities Act
Regulatory Information Service or RIS	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies
Relevant Member State	each Member State of the European Economic Area that has implemented the Prospectus Regulation
Remuneration Committee	the remuneration committee of the Board, as constituted from time to time
Remuneration Policy	the Company's most recent remuneration policy approved by members of the Company pursuant to section 439A of the Companies Act 2006
Resolutions	the Capital Raise Resolutions and the Additional Resolution
Revised Covenants	(i) initially, commencing with the month ending 30 June 2020, a revised consolidated net worth covenant and new consolidated net borrowings and liquidity covenants, each of which are to be tested monthly until (and including) 28 February 2022; and (ii) and thereafter, commencing with the quarter ending 31 March 2022, consolidated net worth, leverage and interest cover covenants
Revolving Credit Facility Agreement	a multicurrency revolving credit facility agreement dated 1 October 2014 (as amended and restated from time to time)
Rule 144	Rule 144 under the Securities Act
Rule 144A	Rule 144A under the Securities Act
SDRT	stamp duty reserve tax
SEC	the U.S. Securities and Exchange Commission
Securities Act	the U.S. Securities Act of 1933, as amended
Senior Management	Steve Francis, Kath Kearney-Croft, Julien Monteiro, Marcin Szczygieł, Ronald Hoozemans, Kevin Windle, Philip Johns, Clare Taylor, Andrew Watkins, Kulbinder Dosanjh
Shareholders	holders of Ordinary Shares
Share Plans	the employee share incentive plans listed in paragraph 8 (<i>“Employee Share Plans”</i>) of Part 16 (<i>“Additional Information”</i>) of this Prospectus
SIGD	SIG Distribution, the Group's UK distribution division
SIGE	SIG Exteriors, the Group's UK exteriors and roofing division
Sponsors and Placing Agreement	the sponsors, firm placing, placing and open offer agreement dated on or around the date of this Prospectus between the Company and the Joint Bookrunners relating to the Capital Raise, further details of which are contained in paragraph 10.1 (<i>“Sponsors and Placing Agreement”</i>) of Part 16 (<i>“Additional Information”</i>) of this Prospectus
Subscription and Transfer Agreements	the subscription and transfer agreement and the initial subscription and put and call option agreement, each entered into between the Company, the JerseyCo Subscriber and JerseyCo on or around the date of this Prospectus
Subscription Letters	the subscription letters dated on or prior to the date of this Prospectus entered into between the Company and each of

	the Directors and members of the Senior Management who are participating in the Director and Senior Management Subscriptions
Target Market Assessment	a product approval process, which has determined that the New Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II
Transparency Rules	the transparency rules and corporate governance rules made by the FCA under Part VI of FSMA
Treaty	the income tax treaty between the United States and the United Kingdom as currently in force
UK Corporate Governance Code	UK Corporate Governance Code, published by the Financial Reporting Council in July 2018
uncertificated or uncertificated form	a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States or U.S.	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. GAAP	U.S. Generally Accepted Accounting Principles
U.S. GAAS	U.S. Generally Accepted Auditing Standards
US\$	the lawful currency of the United States

PART 18
NOTICE OF GENERAL MEETING

SIG PLC

(Incorporated in England and Wales with registered number 998314)

Notice is given that a general meeting of SIG plc (the **Company**) will be held on 9 July 2020 at 11 a.m. at 10 Eastbourne Terrace, London, W2 6LG, United Kingdom (the **General Meeting**) for the purpose of considering and, if thought fit, passing the following resolutions. However, in light of the current Government advice in relation to social distancing arising from Covid-19, Shareholders and their proxies will not be allowed to attend the meeting in person and so Shareholders are encouraged to appoint the Chairman as their proxy for the meeting. Arrangements have been made for Shareholders to attend the General Meeting remotely, and further details are provided in the notes overleaf.

1. ORDINARY RESOLUTION

THAT, subject to and conditional upon resolutions 2, 3 and 4 being passed, the terms of the proposed issue of 240,000,000 New Ordinary Shares of £0.10 each in the capital of the Company to CD&R Sunshine S.à r.l for an aggregate subscription amount of £60,000,000 (the **CD&R Investment**), the proposed issue of up to 200,012,655 New Ordinary Shares of £0.10 each in the capital of the Company to Firm Placees by way of firm placing, the proposed issue of up to 147,889,245 New Ordinary Shares of £0.10 each in the capital of the Company to Conditional Placees and Qualifying Shareholders by way of placing and open offer and the proposed issue of up to 2,098,095 New Ordinary Shares of £0.10 each in the capital of the Company to certain Directors and Senior Management:

- (a) at an issue price of £0.25 per New Ordinary Share in respect of the CD&R Investment (which is at a discount of 10.7% to the closing price of £0.28 per Ordinary Share on the last business day before announcement of the CD&R Investment); and
- (b) at an issue price of £0.30 per New Ordinary Share in respect of the Firm Placing and Placing and Open Offer and the Director and Senior Management Subscriptions (which is at a discount of 10.6% to the closing price of £0.34 per Ordinary Share on the last business day before announcement of the Firm Placing and Placing and Open Offer),

be and are approved and the Directors be and are directed to implement the CD&R Investment, the Firm Placing and the Placing and Open Offer and the Director and Senior Management Subscriptions, in each case, as defined and on the basis described in the Prospectus dated 19 June 2020 of which this notice forms part.

2. ORDINARY RESOLUTION

THAT, subject to and conditional upon resolutions 1, 3 and 4 being passed, in addition to the powers and authorities conferred upon the Directors under resolution 12 proposed at the last annual general meeting of the Company held on 30 June 2020, the Directors be and they are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the **Companies Act**) to exercise all powers of the Company to allot New Ordinary Shares and/or grant rights to subscribe for, or convert any security into, New Ordinary Shares up to an aggregate nominal amount of £59,000,000 (being equivalent to 590,000,000 New Ordinary Shares) in connection with the CD&R Investment, the Firm Placing and the Placing and Open Offer and the Director and Senior Management Subscriptions, provided that the power granted by this resolution shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on the close of business on 31 December 2021, whichever is the earlier, unless and to the extent previously varied, revoked or renewed, and further provided that the Directors may before such

expiry make an offer or agreement which would or might require New Ordinary Shares to be allotted or rights to be granted after such expiry and the Directors may allot shares or grant rights to subscribe for or to convert any security into shares in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

3. SPECIAL RESOLUTION

THAT, subject to and conditional upon resolutions 1, 2 and 4 being passed, in accordance with the Companies Act, the Directors be empowered to allot equity securities (within the meaning of section 560 of the Companies Act) for cash pursuant to the authority conferred by resolution 2 above and/or by way of a sale of New Ordinary Shares held by the Company as treasury shares for cash, as if section 561 of the Companies Act did not apply to any such allotment, provided this power shall be limited to the allotment or sale of equity securities for cash pursuant to the CD&R Investment, the Firm Placing and the Placing and Open Offer and the Director and Senior Management Subscriptions, up to an aggregate nominal amount of £59,000,000 (being equivalent to 590,000,000 New Ordinary Shares), and provided that the power granted by this resolution shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on the close of business on 31 December 2021, whichever is the earlier, unless and to the extent previously varied, revoked or renewed, and further provided that the Directors may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred had not expired.

4. ORDINARY RESOLUTION

THAT, subject to and conditional upon resolutions 1, 2 and 3 being passed, the allotment and issue to IKO Enterprises Limited (and/or any of its associates) of up to 87,300,000 New Ordinary Shares in connection with the Firm Placing and Placing and Open Offer which constitutes a related party transaction pursuant to the Listing Rules (as IKO Enterprises Limited (together with its associates) is a substantial shareholder of the Company and able to control 10% or more of the Company's votes able to be cast on all or substantially all of the matters at general meetings of the Company), be and is approved.

5. ORDINARY RESOLUTION

THAT the payment outside the terms of the Directors' Remuneration Policy approved by Shareholders on 7 November 2018 of a cash payment of £375,000 to Steve Francis in respect of his performance as interim CEO of the Company from 25 February 2020 to 23 April 2020 and subsequently as CEO of the Company, with payment to be made as soon as practicable following and conditional on completion of the Capital Raise, be and is approved and the directors of the Company are authorised to do all acts which they consider necessary or expedient to carry this resolution into effect.

By order of the Board

Kulbinder Dosanjh
Company Secretary

19 June 2020

Registered office: 10 Eastbourne Terrace, London, United Kingdom, W2 6LG

Notes:

1. A member entitled to attend and vote at the aforementioned meeting is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend, speak and vote at the General Meeting (the Meeting). A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him/her. However, in light of the current Government advice in relation to social distancing arising from Covid-19, Shareholders and their proxies will not be allowed to attend the meeting in person and so Shareholders are encouraged to appoint the Chairman as their proxy for the meeting.
2. Arrangements have been made to provide a dial-in facility for the General Meeting to allow Shareholders to listen to the General Meeting remotely given that they will be unable to attend in person. Please note that no facility will be available to Shareholders to vote or to raise questions during the General Meeting, and so Shareholders are (as outlined above) encouraged to submit proxy votes in advance of the General Meeting. Should any Shareholders wish to submit questions in advance of the General Meeting, they are encouraged to do so by e-mail to cossec@sigplc.com at any time between the date of this Prospectus and 5.00 p.m. on 3 July 2020, and the Company will endeavour to provide answers to such questions during the course of the General Meeting. Details of how Shareholders can access the dial-in facility are included in the Forms of Proxy issued to Shareholders.
3. Details of how Shareholders can access the dial-in facility are included in the Forms of Proxy issued to Shareholders.
4. A proxy need not also be a member of the Company but must attend the Meeting in person. Accordingly, in light of the Government advice noted above, Shareholders are encouraged to appoint the Chairman as their proxy for the meeting as the Chairman will be present in person. A Form of Proxy may accompany this Notice of General Meeting and the notes to the Form of Proxy set out the details of how to appoint a proxy.
5. A copy of this Notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act (a Nominated Person). The rights to appoint a proxy cannot be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him/her and the member by whom he/she was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
6. To appoint a proxy or proxies Shareholders must complete: (a) the Form of Proxy and return it, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of the same to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, or by using the reply-paid envelope provided; or (b) a CREST proxy instruction as detailed below; or (c) an online proxy appointment at www.eproxyappointment.com (you will need your unique PIN and Shareholder Reference Number, together with the Control number, printed on the Form of Proxy), in each case so that it is received no later than 11 a.m. on 7 July 2020 (being 48 hours before the time fixed for the holding of the Meeting with no account being taken for non-working days).
7. A member may change proxy instructions by returning a new proxy appointment using the methods set out above. Where a member has appointed a proxy using the hard-copy Form of Proxy and would like to change the instructions using another hard-copy proxy form, please contact Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. The deadline for receipt

of proxy appointments in paragraph 4 above also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received shall be treated as replacing and revoking the other or others. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first name being the most senior).

8. In conjunction with its Registrars, the Company has in place a facility to allow each Shareholder to register proxy votes electronically. Detailed information of how to do this is set out on the Form of Proxy. A member can register proxy votes electronically by either logging on to the Registrars' website, www.eproxyappointment.com and following the instructions, or CREST members may register proxy votes following the procedures set out in the CREST Manual.
9. A "Vote withheld" is not a vote at law, which means that the vote will not be counted in the proportion of votes "For" and "Against" the relevant Resolution. A Shareholder who does not give any voting instructions in relation to a Resolution should note that his/her proxy will have authority to vote or withhold a vote on that Resolution as he/she thinks fit. A proxy will also have authority to vote or to withhold a vote on any other business (including amendments to Resolutions) which properly come before the Meeting as he/she thinks fit.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of the Meeting by using the procedures described 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. 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's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given by a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Computershare Investor Services PLC (ID 3RA50) by the latest time(s) for receipt of proxy appointments set out above. 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 the Company's agent is 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.
11. 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 CREST sponsor or voting provider(s) take(s)) such action as is 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. 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.

12. To be entitled to vote at the Meeting, Shareholders must be registered in the register of members of the Company at 6 p.m. on 17 June 2020 (or, if the Meeting is adjourned, at 6pm on the date which is two working days before the adjourned meeting with no account being taken of any part of a day that is a non-working day). Changes to entries on the register after this time shall be disregarded in determining the rights of any person to vote (and the number of votes they may cast) at the Meeting or adjourned meeting.
13. As at 18 June 2020 (being the latest practicable date before the publication of this Prospectus), the Company's issued share capital consists of 591,556,982 ordinary shares, carrying one vote each. As at that date, the Company holds no shares in treasury. Therefore the total voting rights in the Company are 591,556,982.
14. The documents listed in Section 23 of Part 16 (“*Additional Information*”) of the Prospectus will be available for inspection on the Company’s website, www.sigplc.com.
15. Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that the Shareholders subject all messages to virus checking procedures before use. Any electronic communication received by the Company, including the lodgement of an electronic Form of Proxy, that is found to contain any virus will not be accepted.
16. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands. This will result in a more accurate reflection of the views of shareholders by ensuring that every vote is recognised and is considered more appropriate given the current COVID-19 restrictions on attendance. On a poll, each shareholder has one vote for every share held. As soon as practicable following the Meeting, the results of the voting at the Meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the Resolutions will be announced via a Regulatory Information Service and also placed on the Company's website www.sigplc.com.
17. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.
18. The Company must cause to be answered at the Meeting any question relating to the business being dealt with at the Meeting which is put by a member attending the Meeting, except: (i) if to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (ii) if the answer has already been given on a website in the form of an answer to a question; or (iii) if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
19. The contents of this Notice of Meeting and all the information required by Section 311A of the Companies Act 2006 will be available on the Company's website www.sigplc.com.
20. You may not use any electronic address provided in this Notice of General Meeting to communicate with the Company for any purposes other than those expressly stated.