

**THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**It should be read together with the scheme circular to Cenkos Shareholders dated 20 April 2023 (the “Scheme Document”) which contains further details of the Merger and Scheme of Arrangement referred to in this letter. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended). If you are outside the UK, you should immediately consult an appropriately authorised independent financial adviser.**

**The Scheme Document can be viewed, together with a copy of this letter, on the Cenkos Securities plc website at [www.cenkos.com/investors](http://www.cenkos.com/investors)**

Unless the context otherwise requires, the definitions contained in the Scheme Document also apply to this letter.

If you have any questions on this letter, other than those relating to financial or tax advice, you should contact the Link Contact Centre on 0371 664 0330.

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Proposal for the holders of options  
which are granted under  
the Cenkos Sharesave Plan  
(the “Sharesave”)

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20 April 2023

To: Holders of options under the Sharesave (“**Option Holders**”).

Dear Option Holder

**Recommended all-share merger between Cenkos Securities plc and finnCap Group plc**

**INTRODUCTION**

On 23 March 2023, the Cenkos Directors and the finnCap Directors announced that they had reached agreement on the terms and conditions of a recommended all-share merger between Cenkos and finnCap, to be effected by means of a scheme of arrangement under Part 26 of the Companies Act 2006 (the "**Scheme**"), pursuant to which finnCap would acquire the entire issued and to be issued share capital of Cenkos (the "**Merger**").

This letter explains the effect of the Merger on the options granted to you under the Sharesave (the "**Sharesave Options**") and sets out the courses of action available to you.

**If you wish to exercise you Sharesave Options in accordance with the Proposal set out in this letter, you will need to fill in and sign the enclosed Form of Instruction and return it to Link Market Services Trustees Limited to be received as soon as possible and in any event not later than 5 p.m. (UK time) on Friday 12 May 2023.**

**If left unexercised, your Sharesave Option will lapse on the earlier of the Effective Date and the six month anniversary of the date of the Court Sanction and no compensation will be payable to you.**

The remainder of this letter should help to explain what you need to know about the Merger and the effect of the Merger on your Options. You can also find additional information regarding the Merger and the Scheme in the Scheme Document.

If you participate in other Cenkos share plans you will receive a separate letter about the effect of the Merger on any awards you hold under those plans and the choices available to you. Please read those letters carefully.

## **THE MERGER**

### **1. Why am I being contacted now?**

You are being contacted now because if the Merger proceeds, your Sharesave Options will be impacted when the Scheme is sanctioned by the Court (which is expected to be during the third quarter of 2023) ("**Court Sanction**").

### **2. How does the Merger work?**

The Merger is intended to be effected by means of the Scheme. The purpose of the Scheme is to provide for finnCap to become the holder of the entire issued and to be issued share capital of Cenkos. This is to be achieved by transferring the Cenkos Shares held by Cenkos Shareholders to finnCap, in consideration for which finnCap will allot and issue the New finnCap Shares to the Cenkos Shareholders on the basis set out in

The Scheme is subject to approval by Cenkos shareholders at a special general meeting due to be held on 17 May 2023. However, the Scheme will only become effective if the High Court of Justice of England and Wales sanctions the Scheme. The Court hearing to sanction the Scheme is expected to take place during the third quarter of 2023, with the Scheme expected to become effective two business days following this date. The date on which the Scheme becomes effective is the time at which the Merger takes place (and referred to in this letter as the Effective Date).

The Merger and the Scheme are described in more detail in the Scheme Document, a copy of which you can view at [www.cenkos.com/investors](http://www.cenkos.com/investors)

### **3. What are the terms of the Merger for Cenkos shareholders?**

Under the terms of the Merger, Cenkos shareholders will be entitled to receive:

**3.19420647 New finnCap Shares in exchange for each Cenkos Share (the "Merger Consideration").**

Based on this exchange ratio and the Closing Price of 11.625 pence per finnCap Share on 22 March 2023 (being the last Business Day prior to the Rule 2.7 Announcement), the Merger values each Cenkos Share at 37.13 pence.

The full terms of the Merger and the Scheme are set out in the Scheme Document.

#### **4. Will the Merger definitely go ahead?**

The Merger is conditional upon among other things (i) approval of the Scheme by Cenkos's shareholders at the special general meeting to be held on 17 May 2023 and (ii) Court Sanction. Whilst it is expected that shareholders will approve the Merger and the Court will sanction the Scheme, this cannot be guaranteed.

#### **5. What if the Merger does not go ahead?**

If the Merger does not go ahead, your Sharesave Options will continue unaffected.

### **YOUR SHARESAVE OPTIONS**

#### **6. What are my Sharesave Options?**

Your Sharesave Options consist of a right to acquire a certain number of Cenkos Shares pursuant to the Sharesave Options at the Exercise Price (see below).

Your Sharesave Options are subject to the rules of the Sharesave and the terms set out in the option documentation provided to you when your Sharesave Options were granted.

#### **7. What is the effect of the Merger on my Sharesave Options?**

In normal circumstances, you would continue to save until the end of your linked savings contract, and then either exercise your Sharesave Options, or choose to have your savings returned to you. As a result of the Merger, your Sharesave Option will become exercisable earlier than in normal circumstances and will be exercisable on Court Sanction.

The rules of the Sharesave provide that you may acquire Cenkos Shares if you exercise your option and pay an exercise price per Cenkos Share (the "**Exercise Price**").

The Exercise Price for your Sharesave Options is 40.27 pence per Cenkos Share.

**Currently, the Cenkos share price is just below the Exercise Price of your Sharesave Options, which means you would pay more to receive the Cenkos shares by exercising the Sharesave Options than they are worth on the open market. If that remains the case at the date of the Court Sanction, then it would be uneconomical for you to exercise your Sharesave Options i.e. you would make a financial loss if you exercise your Sharesave Options and exchange the resulting Cenkos Shares as part of the Merger.**

**However, if the Cenkos share price rises and at the date of Court Sanction is higher than the Exercise Price of your Sharesave Options, then it would, at the point of exercise, be economically beneficial for you to exercise your Sharesave Options.**

In accordance with the legislation that governs your Sharesave Options, you will only be able to exercise your Sharesave Options using your accumulated savings at the date of exercise. This means that the number of Cenkos Shares over which you will be entitled to exercise your Sharesave Options will be less than the number of Cenkos Shares over which your Sharesave Options were originally granted.

**Further details about the tax implications relating to the exercise of your Sharesave Options are set out in Appendix 1 to this letter.**

**8. What will happen to the Cenkos Shares that I receive?**

Any Cenkos Shares you receive on the exercise of your Sharesave Options will be transferred to finnCap as part of the Merger and you will receive 3.19420647 New finnCap Shares in exchange for each Cenkos Share.

Any Cenkos Shares to which you become entitled as a result of the exercise of your Sharesave Options in connection with the Merger will be held on your behalf by Apex Financial Services (Trust Company) Limited, the independent trustee of Cenkos employee benefit trust (the “EBT Trustee”), as your nominee. This means that the EBT Trustee will receive the consideration that finnCap provides for your Cenkos Shares on your behalf and will then make arrangements for the finnCap Shares to be transferred to you.

**9. How do I exercise my Sharesave Options?**

If the Cenkos share price at the date of Court Sanction is higher than the Exercise Price of your Sharesave Options and you want to accept the Cenkos proposal which is to exercise your Sharesave Options to the fullest extent possible using your accumulated savings conditional on Court Sanction and transfer your Cenkos Shares to finnCap and receive the Merger Consideration (the “**Proposal**”), you should complete the enclosed Instruction Form. As described above, the Cenkos Shares that you receive on the exercise of your Sharesave Options will automatically be acquired by finnCap as part of the Scheme and you will receive finnCap Shares. As you know, the value of shares can go down as well as up.

The Proposal is conditional only on approval of the Merger by Cenkos Shareholders and the Court Order, and not on any particular level of acceptances or any approval from participants in any of Cenkos employee share plans.

**10. What happens if the Cenkos share price at the date of Court Sanction is lower than the Exercise Price of my Sharesave Options?**

Since it would be uneconomical for you to exercise your Sharesave Options in such a case i.e. you would make a financial loss if you exercise your Sharesave Options and exchange the resulting Cenkos Shares as part of the Merger, under the Proposal, your Sharesave Options will **not** be exercised and instead they will lapse on the Effective Date. In these circumstances, your savings will be returned to you.

However, if you still wish to exercise your Sharesave Options (even though the consideration you would receive under the Merger would be worth less than the price you would have to pay to exercise your Sharesave Options) you may do so under the rules of the Sharesave, provided that you pay the Exercise Price. If you wish to do so, please contact Claire Bamber or Edward Macartney at Cenkos as soon as possible.

**11. What do I need to do?**

- A. You should read this Letter carefully, referring, as you need, to the Scheme Document.
- B. If you want to accept the Proposal to (i) exercise your Sharesave Options conditional on Court Sanction and the Cenkos share price at the date of Court Sanction being higher than the Exercise Price of your Sharesave Options; (ii) transfer your Cenkos Shares to finnCap; and (iii) receive the Merger Consideration, **you should complete the Instruction Form and send your completed Instruction Form to Link Market Services Trustees Limited to be received as soon as possible and in any event not later than 5 p.m. (UK time) on Friday 12 May 2023.**

**If you do not wish to accept the Proposal, your Sharesave Options will lapse on the earlier of the Effective Date and the six month anniversary of the date of the Court Sanction and no compensation will be payable to you. You would, however, still be entitled to a repayment of the savings you had made under your savings contract.**

**12. What happens if I leave employment before the Court Sanction?**

The leaver arrangements under the Sharesave will continue to apply in the normal way if you leave employment before you exercise your Sharesave Options. If the reason for leaving does not fall within one of the statutory “good leaver” reasons set out in Rule 5 of the Sharesave Rules then you will not be able to exercise your Sharesave Options because it will lapse immediately on the date that your employment ceases.

If you leave as a “good leaver” (for example, because of injury or disability), normally you would be able to carry on saving and exercise your Sharesave Options up to six months from your leaving date. However, the Merger may affect this six month period depending on when you leave. Your Sharesave Options normally lapses on the earlier of the Effective Date and the six month anniversary of the date of the Court Sanction even if you have left employment as a “good leaver” before you exercise your Sharesave Options.

The exception to this general rule is, if you die, your Sharesave Options will continue to be exercisable by your personal representatives for a year after your death and this period of exercise will not be affected by the normal rule that your Sharesave Options lapse on the earlier of the Effective Date and the six month anniversary of the date of the Court Sanction.

### **13. Recommendation**

The Cenkos Directors, who have been so advised by SPARK Advisory Partners as to the financial terms of the Proposal, consider the terms of the Proposal to be fair and reasonable in the context of the Merger. In providing their advice to the Cenkos Directors, SPARK Advisory Partners has taken into account the commercial assessments of the Cenkos Directors. SPARK Advisory Partners has provided this independent financial advice to the Cenkos Directors for the purposes of Rule 15(b) of the Takeover Code.

The Cenkos Directors, therefore, recommend that you accept the Proposal, so that provided the Cenkos share price at the date of Court Sanction is higher than the Exercise Price of your Sharesave Options, you exercise your Sharesave Options conditional on Court Sanction as described above. You should, however, consider your own personal circumstances when deciding whether and when to exercise your Sharesave Options, including the fact that the Merger Consideration is payable in New finnCap Shares, and the price of shares can go down as well as up.

### **14. Further queries**

If you have any queries in relation to this letter or how to complete the enclosed Form of Instruction please contact the Link Contact Centre on 0371 664 0330. Please note that the Link Contact Centre will not be able to provide you with any legal, financial, tax planning or investment advice or advice on the merits of any particular choice or on the Merger itself. **If you are in any doubt as to the action you should take, you should seek your own independent professional advice without delay.**

Yours faithfully



**Jeremy Osler**  
For and on behalf of Cenkos Securities plc

Yours faithfully



**Richard Snow**  
For and on behalf of finnCap Group plc



## Notes

The release, publication or distribution of this letter and the Form of Instruction in, into or from jurisdictions other than the United Kingdom and the availability of the Scheme Document to shareholders of the Company who are not resident in the United Kingdom may be restricted by the laws of those jurisdictions. Therefore persons into whose possession this letter and the Form of Instruction come should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to sell or issue, nor the solicitation of an offer to buy or subscribe for, shares in any jurisdiction in which such offer or solicitation is unlawful.

In the event of any differences between this letter and the rules of the Sharesave or the applicable legislation, the rules or the applicable legislation (as appropriate) will prevail.

Option Holders should not construe the contents of this letter as legal, tax or financial advice, and should consult their own advisers on the matters raised in this letter.

The Cenkos Directors, whose names are set out in paragraph 2.1 of Part 6 of the Scheme Document, accept responsibility for the information contained in this letter. To the best of the knowledge and belief of the Cenkos Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The finnCap Directors, whose names are set out in paragraph 2.2 of Part 7 of the Scheme Document, accept responsibility for the information contained in this letter (other than when responsibility is taken by others). To the best of the knowledge and belief of the finnCap Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

SPARK Advisory Partners Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom is acting exclusively as financial adviser to Cenkos and no-one else in connection with the subject matter of this letter and will not be responsible to anyone other than Cenkos for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this letter.

SPARK Advisory Partners Limited has given and not withdrawn its written consent to the issue of this letter with the inclusion of the references to its name in the form and context in which it appears.

Accidental omission to dispatch this letter or the Form of Instruction to, or any failure to receive the same by, any person to whom the proposal in the letter is made or should be made, will not invalidate the proposals in any way.

## Appendix 1

### Tax Liabilities

#### **1. Exercise at Court Sanction**

Exercising your Sharesave Options in connection with the Merger means your Sharesave Options will lose their “tax-advantaged” status and you will stop being eligible for the associated tax benefits.

Income tax is likely to be payable at up to 45% (depending on your individual tax rate) on the difference between the amount you pay for your Cenkos Shares (the exercise price) and the value of the Cenkos Shares at that time. No National Insurance contributions should be payable.

You will need to contact HM Revenue & Customs to arrange for payment of the income tax that arises at exercise. This is not deducted by Cenkos and paid to HM Revenue & Customs on your behalf, as you may normally expect.

#### **2. When you receive the Merger Consideration**

When you exchange the Cenkos Shares acquired on exercise of your Sharesave Options and you receive the New finnCap Shares, you are not expected to have to pay Capital Gains Tax (please see Part Two, Section 15.1 of the Scheme Document).

#### **3. When you sell your New finnCap Shares**

There may be capital gains tax to pay (at up to 20% depending on your personal circumstances) when you dispose of any finnCap Shares. You will need to contact HM Revenue & Customs to declare and pay any capital gains tax that becomes due.

**Please note:** The tax summary included above is for information purposes only. It assumes that you are resident in the UK only for tax purposes at all relevant times. If you are tax resident elsewhere or internationally mobile, you may be subject to tax in other countries as well. The tax implications in relation to your participation in the Sharesave will depend on your personal circumstances. If you are in any doubt about the tax implications for you, you should take independent professional advice. The information is based on laws and practices (and tax rates) current at the time of publication of this Letter but may be subject to change in the future.