

**This letter is important and explains the impact of the Acquisition on your Conditional Awards. Please read this letter carefully as it requires your immediate attention.**

If you are in any doubt about the contents of this letter, or the action you should take, you are recommended to seek your own independent financial advice immediately from a stockbroker, bank manager, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended from time to time), if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

10 May 2021



Dear Participant

**Arrow Global Group Long-Term Incentive Plan ("LTIP") and the recommended cash acquisition of Arrow Global Group plc by Sherwood Acquisitions Limited**

**Conditional Awards**

As you know, on 31 March 2021, the boards of Arrow Global Group plc ("**Arrow**") and Sherwood Acquisitions Limited ("**Bidco**") (a newly formed company owned by investment funds managed by TDR Capital LLP) announced that they had agreed on the terms of a recommended cash acquisition pursuant to which Bidco proposes to acquire the entire issued and to be issued share capital of Arrow (the "**Acquisition**").

**1. Why are we writing to you?**

We are writing to explain how the Acquisition will affect your Conditional Awards.

Please read everything in this letter and its Appendix carefully. **Their contents are very important.**

If you participate in other Arrow share plans or hold other options or awards under the LTIP you will receive separate letters about the effect of the Acquisition on your other options or awards. Please also read those letters carefully.

**No action is required to be taken by you as a result of this letter.**

**2. The Acquisition**

The Acquisition will result in Arrow and its subsidiaries becoming wholly-owned subsidiaries of Bidco.

The Acquisition will take place through what is called a "scheme of arrangement" (the "**Scheme**"). This is a procedure that is subject to approval by Arrow Shareholders and the Court. In particular, as part of the Acquisition, the Court will sanction the Scheme on a date referred to in this letter as "**Court Sanction**". Once the date of Court Sanction is known, Arrow will announce this via a Regulatory Information Service (with such announcement being made available on Arrow's website at <https://www.arrowglobal.net/en/investors.html>).

Court Sanction is not the date on which the Acquisition will be completed. The Acquisition is currently due to complete a couple of days after Court Sanction (“**Completion**”).

Further information about the Scheme is set out in the Scheme Document sent to Arrow Shareholders on 28 April 2021. This letter should be read together with the Scheme Document. A copy of the Scheme Document is also available on Arrow’s website at [https://www.arrowglobal.net/en/investors/Offer\\_for\\_the\\_Company.html](https://www.arrowglobal.net/en/investors/Offer_for_the_Company.html) and on Bidco’s website at <https://www.tdrcapital.com/arrowglobal-offer/>.

You will find a list of definitions in the Appendix which explains the key defined terms used in this letter. Terms defined in the Scheme Document will have the same meaning in this letter unless otherwise defined.

### **3. What are the terms of the Acquisition?**

The terms of the Acquisition are set out in full in the Scheme Document. In summary, Arrow Shareholders will be entitled to receive 307.5 pence in cash for each Arrow Share they own at the Scheme Record Time (the “**Cash Offer**”). As an alternative to the Cash Offer, eligible Arrow Shareholders may elect to receive Rollover Securities in the capital of Topco (the “**Alternative Offer**”).

### **4. When is Completion due to take place?**

The Acquisition is currently expected to take effect in the third quarter of 2021, subject to receipt of the relevant competition clearances and regulatory approvals. An expected timeline of key events is available in the Scheme Document.

### **5. How does the Acquisition affect your Conditional Awards?**

The Acquisition will change the usual treatment of your Conditional Awards.

Normally, your Conditional Awards would vest if applicable performance conditions are met on, or as soon as practicable after, the third anniversary of the date of grant (or the date notified in your Award Certificate, if different). The performance conditions are normally assessed after the end of the relevant performance period and the extent to which the conditions are satisfied will determine whether (or to what extent) your Conditional Awards vest and, accordingly, the number of Arrow Shares which you will be entitled to receive, or if so determined by the Remuneration Committee under rule 4.5 of the LTIP, the amount or value represented by those Arrow Shares (the “**Cash Settlement Amount**”). Normally you would receive the Arrow Shares under a Conditional Award following the end of the relevant performance period.

However, as a result of the Acquisition, your Conditional Awards will vest early on Court Sanction, unless they lapse earlier in accordance with their terms. The extent to which your Conditional Awards will vest is subject to: (i) satisfaction of applicable performance conditions, which will be determined by the Remuneration Committee on or shortly before Court Sanction; and (ii) unless the Remuneration Committee decides otherwise, time pro-rating. Once the Remuneration Committee has determined the extent to which your Conditional Awards will vest, you will be notified of its decision. Any part of your Conditional Award(s) that does not vest will lapse on Court Sanction.

Please be aware that based on current forecasts, it is expected that the applicable performance conditions will be satisfied and, therefore, your Conditional Awards will vest in connection with the Acquisition. The Remuneration Committee's current expectation is that any Conditional Awards granted in 2019 and 2020 will not be time pro-rated, and any Conditional Awards granted in 2021 will be time pro-rated to one-third (1/3), based on the period of time from the start of Arrow's financial year ending on 31 December 2021 to the end of the financial year ending on 31 December 2021 against the full performance period. Once the Remuneration Committee has determined the extent to which the Conditional Awards will vest (if at all) and whether time pro-rating will apply, you will be notified of its decision.

If any of your Conditional Awards vest before Court Sanction, Arrow Shares will be transferred to you and any Arrow Shares you own at the Scheme Record Time will also be automatically acquired by Bidco as part of the Scheme. Alternatively, if the Remuneration Committee determines that your Conditional Awards will be settled in cash, you will receive the Cash Settlement Amount, calculated by multiplying the share price of an Arrow Share on the relevant vesting date by the number of Arrow Shares which vest under your Conditional Awards, less any income tax and social security contributions.

The Arrow Shares you receive in respect of any Conditional Awards which vest on Court Sanction will be automatically acquired by Bidco under the Scheme for 307.5 pence in cash for each Arrow Share (less any income tax and social security contributions that Arrow is required to withhold and any applicable fees). Alternatively, if the Remuneration Committee determines that your Conditional Awards will be settled in cash, you will receive the Cash Settlement Amount calculated by multiplying 307.5 pence by the number of Arrow Shares over which your Conditional Awards vest, less any income tax and social security contributions.

If the Acquisition does not happen for any reason, your Conditional Awards will continue as normal, subject to the rules of the LTIP.

## **6. What do I need to do?**

You do not need to do anything for your Conditional Awards to vest. This will happen automatically, subject to the satisfaction of applicable performance conditions and, if relevant, time pro-rating. Any proceeds due to you (less income tax and social security contributions that Arrow is required to withhold and any applicable fees) from the sale of your Arrow Shares to Bidco will be paid to you after the proceeds have been received from Bidco. Alternatively, if the Remuneration Committee determines that your Conditional Awards will be settled in cash, the Cash Settlement Amount will be paid to you, through payroll in your payroll currency, on the next practicable payroll date.

## **7. Which currency will I receive the cash consideration in?**

You will receive the cash proceeds (less any income tax and social security contributions that Arrow is required to withhold and any applicable fees) through payroll in your payroll currency, on the next practicable payroll date.

If your payroll currency is not GBP, the amount per Arrow Share received may vary, depending on the prevailing exchange rate, and any risk associated with this will be taken by you.

## **8. Can I elect for the Alternative Offer?**

No. As your Conditional Awards will only vest on Court Sanction (if at all), it is not open to you to elect for the Alternative Offer.

## **9. What if the Acquisition does not complete?**

If Court Sanction does not happen for any reason, your Conditional Awards will continue as normal under the rules of the LTIP.

## **10. What if I leave employment with the Arrow Group?**

If you leave employment with the Arrow Group before Court Sanction (or if you have already left as a “good leaver”), the leaver provisions under the LTIP will apply in the normal way. This means that:

- (A) if you do not qualify as a “good leaver” under the rules of the LTIP, any Conditional Awards that you hold will lapse on the date that your employment ceases; or
- (B) if you qualify as a “good leaver” under the rules of the LTIP (for example, if you leave because of injury, disability, retirement, redundancy or any other reason at the discretion of the Remuneration Committee), your Conditional Awards will vest, subject to the satisfaction of the applicable performance conditions and any time pro-rating that may be applied, on the earlier of (i) the normal vesting date unless the Remuneration Committee determines that your Conditional Award will vest on the date on which you leave employment and (ii) Court Sanction. Special rules apply in the event of death.

## **11. What are the tax implications?**

As the tax rules for each country are different, the final amount of tax and social security contributions you will have to pay depends on where you are resident for tax purposes.

Where applicable, a sufficient amount will be deducted from the cash proceeds due to you to cover any tax withholding due. Please note that even if tax has been deducted you may still have to report the receipt and sale of your Arrow Shares or, if the Remuneration Committee determines that your Conditional Awards will be settled in cash, the receipt of the cash proceeds on your personal tax return.

If tax and social security contributions have not been deducted by Arrow you may have to pay some tax and social security contributions directly to the tax authority yourself or from a subsequent salary payment.

This information is intended as a general guide only and does not constitute tax advice to any individual participant. Please remember that tax law can and often does change, and you should not necessarily assume the current tax position will continue. As the tax rules for each country are different, the final amount of tax and social security contributions you will have to pay depends upon where you are resident for tax purposes and we strongly recommend that if you are unsure how your Conditional Awards will be taxed, you seek advice from an independent financial or tax adviser in your country.

Please note that none of Arrow, Bidco or TDR Capital can provide you with legal, personal tax or financial advice. If you are in any doubt as to the contents of this letter or the action you should take, you are recommended to seek your own independent financial advice immediately from a stockbroker, bank manager, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended from time to time), if you are resident in the United Kingdom, or from another appropriately authorised independent financial adviser if you are taking advice in a territory outside the United Kingdom.

## **12. What if I participate in other Arrow share plans?**

If you participate in other Arrow share plans you will receive separate letters about the effect of the Acquisition on your other options or awards. Please also read those letters carefully.

## **13. What if I have any questions?**

If you have any questions that relate to your Conditional Awards, or for any questions on how to access your Equiniti account, please contact the Equiniti helpline on 0371 384 2891. Lines are open 08:30 – 17:30 Monday to Friday, excluding weekends and UK Bank Holidays. Please note that no legal, tax or financial advice on the merits of the Acquisition or its effect on your Conditional Awards can be provided.

Details of your Conditional Awards are available to view on the Equiniti share portal [www.esp-portal.com/clients/arrow](http://www.esp-portal.com/clients/arrow).

To login to your account you will need to do the following:

- Access the share portal at: [www.esp-portal.com/clients/arrow](http://www.esp-portal.com/clients/arrow).
- Enter your Surname, Date of Birth and your Employee Payroll number.
- Then enter your password (when you first registered you will have been asked to create a password).
- If you have forgotten your password, select 'Forgotten your password?' and you will be asked some security questions before being prompted to re-set your password.

If you are yet to register on the share portal:

- Go to [www.esp-portal.com/clients/arrow](http://www.esp-portal.com/clients/arrow).
- Click the 'Register' button and enter the information as requested. You will need the following information to register:
  - Employee Payroll Number
  - Surname
  - Date of Birth

Please register using your company email address if possible so that your activation code can be emailed to you immediately following your registration. If you use a personal email address the activation will be posted to you which may cause some delays.

Once logged in to your account you will need to:

- Click the 'My Investments tab'.
- Click 'view' next to 'Discretionary Awards'.

If you experience any difficulties registering or logging in, please contact the Equiniti helpline on 0371 384 2891.

If you are in any doubt as to the effect the Acquisition will have on your personal tax position, you are recommended to seek your own independent financial and/or tax advice.

**14. Important notes**

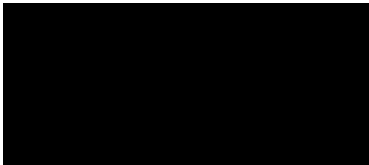
Nothing in this letter constitutes financial advice to any holder of shares, share awards or share options in Arrow or Bidco.

If you have received this letter electronically, you may request a hard copy of this letter, free of charge, by contacting Equiniti on 0371 384 2891. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.

If there is a conflict between the information in this letter and the Appendix and the rules of the LTIP or any relevant legislation, the rules and the legislation will prevail.

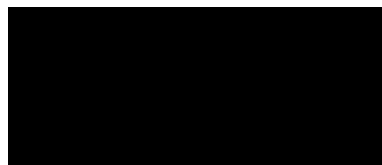
If there is a conflict between the English language version of this letter and any translation into a language other than English, the English language version will prevail.

Yours faithfully



For and on behalf of  
Arrow Global Group plc

Yours faithfully



For and on behalf of  
Sherwood Acquisitions Limited

## Appendix

### A brief explanation of some definitions

**“Acquisition”** means the proposed acquisition by Bidco of the entire issued, and to be issued, ordinary share capital of Arrow;

**“Alternative Offer”** means the alternative to the Cash Offer pursuant to which Arrow Shareholders (other than Restricted Shareholders) may elect, subject to certain limitations and exceptions, to receive Bidco Loan Notes with a nominal value equal to 307.5 pence for each Arrow Share in lieu of their entitlement to the Cash Offer (such Bidco Loan Notes being exchanged for Rollover Securities pursuant to the Rollover);

**“Arrow”** means Arrow Global Group plc, a company incorporated in England and Wales with registered number 08649661;

**“Arrow Group”** means Arrow and its subsidiaries and subsidiary undertakings from time to time;

**“Arrow Shareholders”** means the registered holders of Arrow Shares from time to time;

**“Arrow Shares”** means ordinary shares of one penny each in the capital of Arrow;

**“Award Certificate”** means a statement sent to each participant in the LTIP setting out the terms of their Conditional Award, equivalent to their deed of grant;

**“Bidco”** means Sherwood Acquisitions Limited, a company incorporated in England and Wales with registered number 13299321;

**“Bidco Loan Notes”** means loan notes issued by Bidco pursuant to the Alternative Offer, as further defined in the Scheme Document;

**“Business Day”** means a day (other than a Saturday, Sunday or public or bank holiday) on which clearing banks in London are generally open for normal business;

**“Cash Offer”** means the 307.5 pence in cash Arrow Shareholders will be entitled to receive for each Arrow Share they own at the Scheme Record Time;

**“Completion”** means the date on which the Scheme becomes effective in accordance with its terms;

**“Conditional Award”** means a conditional right to receive Arrow Shares in accordance with the rules of the LTIP;

**“Court”** means the High Court of Justice in England and Wales;

**“Court Sanction”** means the date on which the Court sanctions the Scheme under section 899 of the Companies Act 2006;

**“LTIP”** means the Arrow Global Group Long Term Incentive Plan, as adopted by directors on 5 October 2013 and as amended from time to time;

**“Rollover”** means the rollover pursuant to which Arrow Shareholders (other than Restricted Shareholders) who have validly elected for the Alternative Offer will ultimately receive Rollover Securities, as further defined in the Scheme Document;

**“Rollover Securities”** means rollover ordinary shares of £1 in the capital of Topco having the rights of “Rollover Shares” set out in the articles of association of Topco (as amended from time to time);

**“Scheme”** means the procedure by which Bidco will become the holder of the entire issued and to be issued ordinary share capital of Arrow;

**“Scheme Document”** means the document setting out the terms of the Scheme dated 28 April 2021 sent to Arrow Shareholders;

**“Scheme Record Time”** means 6:00 p.m. (London time) on the Business Day immediately after the day on which Court Sanction occurs;

**“TDR Capital”** means TDR Capital IV ‘A’ L.P. and TDR Capital IV Associates L.P. each acting by their manager TDR Capital LLP; and

**“Topco”** means Sherwood Topco Limited, a company incorporated in England and Wales with registered number 13299427.