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If you sell or otherwise transfer, or have sold or otherwise transferred, all your Ordinary Shares or GDRs, please forward this document, together with the other accompanying documents, as soon as possible to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or the transferee. If you sell or have sold or otherwise transferred only part of your holding of SLH Securities, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

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We know we can

Softline Holding PLC

(a company organised and existing under the laws of the Republic of Cyprus with registered number 242943)

**Proposed separation of the Softline Group's Russian business from the Softline Group
and issuance of Bonus SLH Securities by way of a Bonus Issuance**

Circular to Softline Securityholders

and

Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part 1 (Letter from the Chairman of Softline Holding PLC) of this document and which contains the Directors' recommendation to proceed with the Transaction.

Notice of a General Meeting of Softline Holding PLC to be held at 11:30 a.m. Cyprus time on 25 October 2022 at the Parklane hotel, 11 Giannou Kranidioti Street, Limassol, Cyprus, 4534 is set out at the end of this document.

The action to be taken by Softline Securityholders in respect of the General Meeting is set out on pages 8 to 10 of this document. In addition, Softline Securityholders who hold GDRs may submit a voting instruction to the Depositary in accordance with the instructions provided by the Depositary pursuant to the terms and conditions of the GDRs.

Weybridge is an appointed representative of Bristol York Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, and is acting as financial adviser exclusively to Softline and no one else in connection with the Transaction and the matters described in this document. Weybridge will not regard any other person as its client in relation to such matters nor be responsible to anyone other than Softline for providing the protections afforded to clients of Weybridge nor for providing advice in relation to the Transaction or any other matters, transactions or arrangements referred to in this document. Neither Weybridge nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person other than Softline in connection with this document, any statement contained herein or otherwise.

This document is a circular relating to the Transaction. For a discussion of the risks relating to the Transaction, please see the discussion of risks and uncertainties set out in Part 2 (Risk Factors) of this document.

The distribution of this document in certain jurisdictions may be restricted by law and, therefore, persons into whose possession this document comes should inform themselves about and observe any such restrictions in relation to the SLH Securities or this document, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document may not be distributed or published 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. Failure to comply with these restrictions may constitute a violation of the securities laws or regulations of such jurisdictions.

Apart from the responsibilities and liabilities, if any, which may be imposed upon Weybridge by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Weybridge nor any of its subsidiaries, branches and affiliates, nor such entities' respective directors, officers, employees and agents, accepts any responsibility whatsoever and makes no representation or warranty, express or implied, as to the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future, in connection with the Softline Group or the Transaction. Weybridge and each of its subsidiaries, branches and affiliates accordingly disclaim, to the fullest extent permitted by law, all and any responsibility and liability whatsoever arising in tort, contract or otherwise (save as referred to above in respect of this document or any such statement or otherwise).

Capitalised terms have the meaning ascribed to them in Part 7 (Definitions) of this document.

This document is dated 7 October 2022.

IMPORTANT NOTICES

General

The contents of this document are not to be construed as legal, business or tax advice. Recipients of this document should consult their own lawyer, financial adviser or tax adviser for legal, financial or tax advice, as appropriate. Furthermore, none of the Softline Group, the Directors or Weybridge accept any responsibility for the accuracy or completeness of any information reported by the press or other media, or the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Transaction or the Softline Group. The Softline Group and the Directors make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

Apart from the responsibilities and liabilities, if any, which may be imposed on Weybridge by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Weybridge nor any of its subsidiaries, branches and affiliates, nor such entities' respective directors, officers, employees and agents accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, and nothing contained in this document is, or shall be, relied on as a promise or representation in this respect, whether as to the past or the future, in connection with the Softline Group or the Transaction. Weybridge and each of its subsidiaries, branches and affiliates accordingly disclaim, to the fullest extent permitted by law, all and any duty, liability and responsibility whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement or otherwise.

Recipients of this document may not reproduce or distribute this document, in whole or in part, and may not disclose any of the contents of this document or use any information herein for any purpose other than considering the Transaction. Such recipients of this document agree to the foregoing by accepting delivery of this document.

Weybridge and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to the Softline Group and their respective affiliates, for which they received customary fees. Weybridge and its affiliates may provide such services to the Softline Group and their respective affiliates in the future.

Softline Securityholders will be deemed to have acknowledged that they have not relied on Weybridge or any person affiliated with it in connection with any investigation of the accuracy of the information contained in this document or in connection with the Transaction.

Information regarding forward looking statements

This document contains statements which are, or may be deemed to be, "forward-looking statements" which are prospective in nature. All statements other than statements of historical fact are forward-looking statements. They are based on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "goals", "intends", "anticipates", "believes", "targets", "aims" or "projects". Words or terms of similar substance or the negative thereof, are forward-looking statements, as well as variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

Forward-looking statements include statements relating to: (a) future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects;

(b) business and management strategies and the expansion and growth of the operations of the Softline Group; and (c) the effects of global economic conditions on the business of the Softline Group.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause actual results, performance or achievements of the Softline Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results, performance or achievements of the Softline Group to differ materially from the expectations of the Softline Group, include, among other things, general business and economic conditions globally, the implications and economic impact of the COVID-19 pandemic, industry trends, competition, changes in government and changes in regulation and policy, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, interest rates and currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors discussed in Part 2 (Risk Factors) of this document. Such forward-looking statements should therefore be construed in light of such factors.

Neither Softline nor any of its Directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date of this document.

Other than in accordance with its legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation), the Company is not under any obligation and the Company expressly disclaims any intention or obligation (to the maximum extent permitted by law) to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this document.

No profit forecast

No statement contained or referred to in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per SLH Security for the current or future financial years will necessarily match or exceed the historical published earnings per SLH Security.

Financial information

References to “£”, “GBP”, “pounds”, “pounds sterling”, “sterling”, “p”, “penny” and “pence” are to the lawful currency of the United Kingdom. References to “€”, “euro” or “EUR” are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty Establishing the European Community. References to “RUB” or “Rouble” are to the lawful currency of Russia. References to “US\$” or “USD” are to the lawful currency of the United States of America. Historic exchange rates have been used to convert € or US\$ to £ where relevant.

Incorporation by reference

Without limitation, unless expressly stated herein, the contents of the websites of the Company, and any links accessible through the website(s) of the Company, are not incorporated into and do not form part of this document.

No offer or solicitation

This document is not a prospectus and is not intended to, and does not constitute or form part of, any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security.

Notice to Softline Securityholders in the United States

Any securities mentioned herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**). Securities may only be offered or sold in the United States pursuant to registration under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Moreover, the Company believes the Bonus Issuance does not constitute an offer or sale of any securities within the meaning of US securities law.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed a judgment upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States. The information disclosed in this document is not the same as that which would have been disclosed if this document had been prepared for the purpose of complying with the registration requirements of the Securities Act or in accordance with the laws and regulations of any other jurisdiction.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Time and/or Date⁽¹⁾⁽²⁾
Announcement of the Transaction	7 October 2022
Publication of this document	7 October 2022
Latest time and date for receipt of Form of Proxy or voting instructions for the General Meeting	11:30 a.m. on 23 October 2022
Voting Record Time for determining entitlement to attend and vote at the General Meeting	11:30 a.m. on 23 October 2022
General Meeting	11:30 a.m. on 25 October 2022
Announcement of results of General Meeting	6 p.m. on 25 October 2022
Bonus Issuance Record Time for determining entitlement to the Bonus Issuance ⁽³⁾	11 a.m. on 26 October 2022
Bonus SLH Securities issued to Participating Softline Securityholders (expected)	Early to mid November 2022
Completion of the Separation⁽⁴⁾	Early to mid November 2022

Notes:

- (1) All references in this document to time are to Cyprus time unless otherwise stated.
- (2) The timetable may be subject to change. If any of the above times and/or dates should change, the new times and/or dates will be announced to Softline Securityholders through a Regulatory Information Service.
- (3) If the Bonus Issuance is approved by Softline Securityholders and the other conditions are satisfied (and Transaction therefore proceeds), Softline Securityholders at this time will receive an entitlement to the Bonus Issuance.
- (4) The Separation may proceed earlier if Russian regulatory approval is obtained to proceed with the Separation. The Separation is not conditional on the Bonus Issuance.

ACTION TO BE TAKEN

1. General Summary

The Board has announced its intention to separate the Softline Russia Group from the Softline Group. The Separation will be effected by the sale of 100 per cent. of the issued share capital of Softline Russia to the Founder (or an entity controlled by the Founder), for a consideration of USD1 and a dilution of the aggregate shareholding of the Founder and SGI Limited (an entity controlled by the Founder and which is the Company's largest shareholder) in the Company. The dilution is to be effected by a waiver of the entitlement of the Founder and of SGI Limited to the Bonus SLH Securities.

At the same time as the Separation, the Company proposes to issue to Participating Softline Securityholders the Bonus SLH Securities by way of a bonus issuance. The reasons for the transaction structure is described in further detail in Part 1 (Letter from the Chairman of Softline Holding PLC).

The Bonus Issuance is subject to approval by Softline Securityholders of the Resolutions at the General Meeting. If Softline Securityholders approve the Resolutions at the General Meeting, the Bonus Issuance shall be subject to the terms of Ordinary Resolution 2 set out in the Notice of General Meeting. While the Separation is not conditional on the Bonus Issuance occurring, the Bonus Issuance is conditional on the Separation occurring. Accordingly, if the Separation does not proceed for any reason, the Bonus Issuance will not proceed. The Separation may, however, proceed independently of (or without) the Bonus Issuance if the Board determines it to be in the best interests of the Company and Softline Securityholders as a whole.

In the event that the Resolutions are passed at the General Meeting and the Transaction proceeds, each Softline Securityholder at the Bonus Issuance Record Time will receive a pro-rata entitlement to the Bonus Issuance which will be treated in the manner set out in this document.

Further information on the actions to be taken by Softline Securityholders in connection with the Bonus Issuance is set out below.

2. Action to be taken in relation to voting at the General Meeting

The Bonus Issuance will require the approval of Softline Securityholders at the General Meeting to be held at 11:30 a.m. Cyprus time on 25 October 2022 at the Parklane hotel, 11 Giannou Kranidioti Street, Limassol, Cyprus, 4534. Softline Securityholders should read the Notice of General Meeting at the end of this document for the full text of the Resolutions and for further details about the General Meeting.

A Form of Proxy is enclosed with the Notice of General Meeting. Completion of the Form of Proxy will not prevent a Softline Securityholder from subsequently attending and voting at the General Meeting in person if they so wish. The duly completed Form of Proxy, and any power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of any such power of attorney or other authority), must be received by post (to 11, Kosta Charaki, Office 302, 3041 Limassol, Cyprus) or (during normal business hours only) by courier service or by hand at 11, Kosta Charaki, Office 302, 3041 Limassol, Cyprus by no later than 11:30 a.m. Cyprus time on 23 October 2022, being 48 hours prior to the time set for the General Meeting. We request that you also send a scanned copy to IR@softline.com.

For Softline Securityholders who hold GDRs, voting instructions will be required to be provided to the Depositary in accordance with the instructions provided by the Depositary pursuant to the terms and conditions of the GDRs. Please contact your broker for further information on the ways to submit a voting instruction to the Depositary.

It is important that as many votes as possible are cast. You are encouraged to appoint a proxy (in respect of the Ordinary Shares), or submit a voting instruction (in respect of the GDRs) as soon as possible. If the Resolutions are not passed at the General Meeting, the Bonus Issuance will not proceed. In such a situation,

the Board may determine to proceed with the Separation independently of (or without) the Bonus Issuance if the Board determines it to be in the best interests of the Company and Softline Securityholders as a whole.

The Board considers that the Transaction and the passing of the Resolutions are in the best interests of the Company and Softline Securityholders taken as a whole. Accordingly, the Board unanimously recommends that you vote in favour of the Resolutions to be proposed at the General Meeting. The Founder, in his capacity as a Director, did not participate in and abstained from voting in the relevant meetings of the Board to consider and approve the Transaction.

The Directors intend to vote in favour of the Resolutions at the General Meeting in respect of the SLH Securities to which they are beneficially entitled.

3. Action to be taken if you hold Ordinary Shares

If you hold Ordinary Shares as of the Bonus Issuance Record Time, you will receive the Bonus SLH Securities on the settlement date of the Bonus Issuance. Please refer to the Expected Timetable of Principal Events for the indicative settlement date for the Bonus Issuance. You will not be required to take further action, unless specifically requested to do so by the Company.

4. Action to be taken if you hold LSE GDRs

If you hold LSE GDRs as of the Bonus Issuance Record Time, you will receive the Bonus SLH Securities on the settlement date of the Bonus Issuance. Bonus SLH Securities (as represented by bonus LSE GDRs) will be issued directly to your securities account in the relevant Clearing System. You will not be required to take any further action. Please refer to the Expected Timetable of Principal Events for the indicative settlement date for the Bonus Issuance.

5. Action to be taken if you hold MoEX GDRs

On 3 June 2022, the EU imposed sanctions on the National Settlement Depository which effectively blocked the operations between Euroclear and NSD. As at the date of this document, the linked securities accounts of the NSD in Euroclear and Clearstream remain blocked due to Sanctions. Therefore, holders of MoEX GDRs will not receive their entitlement to the Bonus Issuance via their brokerage account with the NSD (until such time as the asset freezing Sanctions are lifted and all operations between Euroclear and NSD are resumed). It is currently unclear how long this will take and such Sanctions may apply indefinitely.

The Company has undertaken an extensive process, committed significant time and resources, and incurred significant cost over the last few months to design and implement a transaction structure to effect the separation of Softline Group's Russian business in a very challenging and evolving regulatory and business environment. Amongst other matters, the Company and its advisers sought to implement a structure that provided Softline Securityholders with the option of acquiring shares in the Russian business if they wished to do so. However, despite the Company's best efforts, given the complex Sanctions environment, it was not possible to find a structure to provide that option to Softline Securityholders. In particular, the EU asset freezing sanctions on the NSD made it impossible to effect any distribution of Russian shares through the Clearing Systems and made it practically impossible to undertake any transaction through the Clearing Systems other than a straight forward distribution of SLH Securities, to compensate Softline Securityholders for the value dilution caused by the sale of the Russian business.

6. Ineligible Softline Securityholders

Softline Securityholders will not be able to receive the Bonus Issuance if they are Ineligible Softline Securityholders. Ineligible Softline Securityholders are such Softline Securityholders who are Sanctioned Persons or who are unable to participate in the Bonus Issuance under applicable laws (including Sanctions).

Any Participating Softline Securityholder must each warrant to the Company that:

- (a) it is not a Sanctioned Person;
- (b) it is not a national of, or resident or located in, any country or territory in which it is unlawful to participate in the Transaction and it has fully observed any applicable legal and regulatory requirements of the country or territory of or in which such person is a national, resident or is located; and
- (c) it has observed the laws of all relevant jurisdictions, obtained all requisite governmental, exchange control or other required consents, complied with all requisite formalities in connection with the receipt of any Bonus Issuance, in any jurisdiction and that it has not taken or omitted to take any action in breach of the terms of this document which will or may result in the Company or the Depositary or any other person acting in breach of the legal or regulatory requirements (including Sanctions) of any such jurisdiction in connection with the Bonus Issuance.

All questions as to whether a person is a Sanctioned Person or is otherwise unable under applicable laws (including Sanctions) to participate in the Bonus Issuance will be determined by the Company, in its sole discretion, whose determination will be final and binding (except as otherwise required under applicable law). The Company reserves the absolute right to reject any requests that it determines not to be in proper form or the acceptance of payment or other action that may, in the opinion of the Company, be unlawful (including under Sanctions). Except as otherwise required under the Company's Articles of Association, none of the Company, the Depositary, or any other person is or will be obliged to give notice of any decision as to whether a person can participate in the Bonus Issuance or otherwise of any defects or irregularities in any requests made by a person and none of them will incur any liability for failure to give such notice.

7. Further queries

If you have any further queries, you may contact the following persons:

- in respect of LSE GDRs, your financial adviser or broker or (in respect of queries relating to GDR voting or cancellation processes or similar operational matters only) the Depositary:

Settlement queries

Settlements NY +1 212 815 2231 / 2783 / 2721

Settlements Dublin +353 1 900 3466 / 8455

Settlements Fax Number +1 732 667 9100 / 9101 /9102

Settlements Inquiry Village +1 305 388 8001

Settlements Inquiry Village drsettlements@bnymellon.com

Settlements Instruction Village drinstructions@bnymellon.com

Proxy queries adrproxy@bnymellon.com

- in respect of MoEX GDRs, the Company's email on IR@softline.com and IR@softline.ru (addressed to Alexandra Melnikova) or the Company's Russian offices at 115114, Moscow, Derbenevskaya embarkment, 7, «Novospassky» business quarter, building 8; or
- in respect of Ordinary Shares, the Company's email on IR@softline.com or phone on +44 2045771222.

PART 1

LETTER FROM THE CHAIRMAN OF SOFTLINE HOLDING PLC

(Incorporated in Cyprus with registered number 242943)

Directors:
Jacques Guers (Independent Non-Executive
Chairman)
Sergey Chernovolenko (Chief Executive Officer)
Roy Harding (Executive Director)
Igor Borovikov (Executive Director)
Karl Robb (Senior Independent Non-Executive
Director)
Marc Kasher (Independent Non-Executive Director)

Registered office:
Kosta Charaki 11
Office 302
3041 Limassol
Cyprus

Global headquarters:
26-28 Hammersmith Grove
London W6 7HA
United Kingdom

7 October 2022

Dear Softline Securityholder,

Proposed separation of Softline Group's Russian business from the Softline Group and issuance of Bonus SLH Securities by way of a Bonus Issuance

1. Introduction

On 7 October 2022, Softline Holding PLC (the **Company** or **Softline**) announced its intention to separate the Softline Group's Russian business from the Softline Group (the **Separation**). The Separation will be effected through a sale of 100 per cent. of the share capital of JSC Softline Trade (**Softline Russia**) to the original founder Igor Borovikov (the **Founder**) (or an entity controlled by Mr Borovikov), for a consideration of USD1 and a dilution of the aggregate shareholding of the Founder and SGI Limited (an entity controlled by the Founder and which is the Company's largest shareholder) in the Company effected through a waiver of their entitlements to the Bonus SLH Securities (as explained further below).

To compensate Softline Securityholders for the value dilution caused by the sale of the Russian business, the Company proposes to issue ordinary shares in the Company (**Ordinary Shares**) or GDRs representing Ordinary Shares in the Company (**GDRs**) (the **Bonus SLH Securities**) for nil consideration by way of a bonus issuance (the **Bonus Issuance**, and together with the Separation, the **Transaction**) to Softline Securityholders other than the Founder and SGI Limited, who have each waived their entitlement to the Bonus SLH Securities. The Bonus Issuance is conditional upon the passing of the Resolutions by Softline Securityholders at the General Meeting.

The Founder's shareholding (and the shareholding of SGI Limited) in the Company is therefore expected to fall from approximately 53 per cent. to approximately 44 per cent. following completion of the Transaction. The Transaction reflects a relative valuation ratio of 1:3 as between the Softline Group's Russian and non-Russian businesses.

This document describes the background to and reasons for the Transaction, and explains why the Board unanimously considers the Transaction to be in the best interests of the Company and Softline Securityholders as a whole and unanimously recommends that Softline Securityholders vote in favour of the Resolutions, as the Directors intend to do in respect of Ordinary Shares or GDRs to which they are beneficially entitled. The Founder, in his capacity as a Director, did not participate in and abstained from voting in the relevant meetings of the Board to consider and approve the Transaction.

Softline Securityholders should read the whole of this document and not rely on the summary of the Transaction in this Chairman's letter. Unless otherwise defined in this Chairman's letter, capitalised terms have the meaning ascribed to them in Part 7 (Definitions) of this document.

2. Overview of Transaction structure

The Company has undertaken an extensive process, committed significant time and resources, and incurred significant cost over the last few months to design and implement a transaction structure to effect the separation of Softline Group's Russian business in a very challenging and evolving regulatory and business environment. The objective of the process was to find a solution that equitably protects all Softline Securityholders, while also being able to effect the separation in a timely manner. Amongst other matters, the Company and its advisers sought to implement a structure that provided Softline Securityholders with the option of receiving shares in the Russian business if they wished to do so.

However, despite the Company's best efforts, given the complex Sanctions environment, it was not possible to find a structure to provide that option to Softline Securityholders. In particular, EU asset freezing sanctions on the NSD, which has effectively blocked the operations between Euroclear and NSD, made it impossible to effect any distribution of Russian shares to Softline Securityholders who hold their securities through the Clearing Systems. Consequentially the only option practically available is a straight forward distribution of SLH Securities to Softline Securityholders to compensate them for the value dilution caused by the sale of the Russian business.

Accordingly, the Board believes that the Transaction structure to be the only viable transaction structure practically available to it, given the vital importance and urgency in needing to separate the two businesses, while protecting the interests of Softline Securityholders. Softline Russia will continue to explore options to enable Softline Securityholders in Russia to participate in Softline Russia following completion of the Transaction (if they wish to do so).

It is expected that, subject to the successful passing of the Resolutions, and obtaining Russian regulatory approval to complete the Separation (as further explained below), the Transaction will be completed in early to mid November 2022.

Overview of the Bonus Issuance

Softline Securityholders who participate in the Bonus Issuance (**Participating Softline Securityholders**) will do so in the following ratio:

Participating Softline Securityholders will receive 0.6066 Bonus SLH Securities for each SLH Security that they hold at the Bonus Issuance Record Time

The Founder has waived his entitlement and the entitlement of SGI Limited (an entity controlled by the Founder and which is the largest shareholder in the Company) to the Bonus SLH Securities, and will therefore not receive Bonus SLH Securities. The aggregate shareholding of the Founder and SGI Limited in the Company will therefore be diluted as a result of the Transaction, and is expected to fall from approximately 53 per cent. to approximately 44 per cent. following completion of the Transaction.

Any fractional entitlements of Softline Securityholders will be rounded down to the nearest whole number. The form of securities that Participating Softline Securityholders will receive in connection with the Bonus Issuance will depend on the nature of their holding, in particular whether such holding is Ordinary Shares, LSE GDRs or MoEX GDRs. See paragraph 7 of this Chairman's letter for further details.

Participating Softline Securityholders are Softline Securityholders to whom the Bonus Issuance may be distributed under applicable laws (including relevant UK, EU and US Sanctions). Softline

Securityholders who are unable to lawfully participate in the Transaction for these reasons (or otherwise) are **Ineligible Softline Securityholders**. The Board will have final discretion as to whether any Softline Securityholder is an Ineligible Softline Securityholder and so unable to receive the Bonus Issuance.

The Bonus Issuance and the number of Bonus SLH Securities to be received by the Participating Softline Securityholders has been calculated with reference to the relative valuations of the Softline Russia Group and the Softline Global Group as at the date of this document. While there remains significant uncertainty in the economic environment in Russia, which makes a valuation of Softline Russia challenging (and subject to a number of uncertainties), the Board has taken independent financial advice from Weybridge in formulating the valuation of Softline Global and Softline Russia in formulating the Transaction structure and the ratio in respect of the Bonus Issuance. The Board, having taken such independent financial advice, considers the Transaction to be fair and reasonable, and in the interests of the Company and Softline Securityholders taken as a whole.

The Bonus Issuance is conditional upon the approval of Softline Securityholders at the General Meeting. Softline Securityholders will be required to pass the Resolutions to capitalise an amount of the distributable reserves of the Company in order for the Company to issue the Bonus SLH Securities in the manner contemplated by this document.

Details of the actions you need to take to vote on the Resolutions can be found on pages 8 to 9 of this document. Details of the actions you may need to take in connection with the Bonus Issuance can be found on pages 9 to 10 of this document.

Separation

The Separation will be effected through a transfer of 100 per cent. of the share capital of Softline Russia to the Founder (or an entity controlled by the Founder) for a consideration of USD1 and a waiver of the entitlement of the Founder and of SGI Limited (an entity controlled by the Founder and which is the largest shareholder in the Company) to the Bonus SLH Securities under the Bonus Issuance. The transfer will be effected by a customary sale and purchase agreement.

A portion of the SLR Shares (expected to be approximately 21 per cent. of the issued share capital of Softline Russia), will following the Separation, be transferred to a subsidiary of Softline Russia to be held in treasury to satisfy any exercise of the SLR Options following restructuring of Softline's employee options (for further details on the restructuring of Softline's employee options, section 6 below).

The Separation is conditional on the approval of the Russian Government Commission on control over the implementation of foreign investments in Russia as prescribed in the Decree of the President of Russia No. 81 dated 1 March 2022.

Conditionality between Separation and Bonus Issuance

While it is the intention of the Company to proceed with the Separation and the Bonus Issuance at the same time, the Separation is not conditional upon the Bonus Issuance may therefore proceed independently of (or without) the Bonus Issuance if the Board determines it to be in the best interests of the Company and Softline Securityholders as a whole. This may be the case if the Russian regulatory approval to effect the Separation is obtained prior to the General Meeting (or if the Resolutions are not approved at the General Meeting) and the urgency of the Separation is such that the Board determines to proceed with the Separation independently of the Bonus Issuance.

While the Separation is not conditional on the Bonus Issuance occurring, the Bonus Issuance is conditional on the Separation occurring. Accordingly, if the Separation does not proceed for any reason, the Bonus Issuance will not proceed.

3. Background to and reasons for the Transaction

The announcement of the Transaction follows a review initiated by Softline in May 2022 to adjust the Softline Group's assets and ownership structure in order to optimise value for all of its stakeholders.

The review was initiated on the basis that the Softline Group's Russian and non-Russian businesses increasingly differ in their operations, priorities, and go-to-market strategies. Recent geopolitical events have led to major changes in the Russian technology market. International vendors have abruptly stopped their local operations, effectively changing the landscape of available technologies. Operational issues, including difficulties executing international payments and newly introduced regulations, also mean that Softline in Russia is facing a very different business climate.

From a shareholder's perspective, the recent events have also led to, amongst other things, a disconnect between the LSE and MoEX which has made trading GDRs more difficult. This has resulted in a collapse in liquidity of the GDRs, and given that there are no trading volumes, it is not possible for investors to accurately determine the current value of the Softline Group. This has also impacted the Softline Group's employees, as the Company has been unable to implement the Long-Term Employee Partnership Programme.

The Directors believe that the differences between the Russian technology market and the international technology market, outside Russia, will remain for the foreseeable future. The lack of liquidity in the GDRs is also likely to remain for the foreseeable future.

The relative dynamics in the Russian and international markets have now evolved to such an extent that following the review of alternative options, the Board has resolved to separate the Softline Russia Group from the Softline Group and for Softline's Russian and international businesses to operate independently as separate entities in the future. The Board believes this will allow these two groups to better serve their respective customers, and to capitalise on distinct growth strategies relevant to their now very different markets and optimise value.

In connection with the Transaction, the business outside Russia will become "Softline Global", although the Board expects these names to change as Softline Global rebrands following the completion of the Transaction. Softline Global intends to retain the Company's LSE listing. The Company expects that as a result of the Transaction, its largest shareholder will be diluted from approximately 53 per cent. to approximately 44 per cent. and would cease to have majority control.

Softline remains committed to protecting the interests of all its stakeholders, including shareholders, employees, customers and vendors, and believes the Transaction is in the best interests of Softline Securityholders. Ongoing geopolitical events have had a disproportionate impact on Softline's market value, and the separation of its Russian business is designed to support a path to a more rational valuation for the company that reflects its strong profitable growth, portfolios, capabilities, and fundamental value.

Following the Separation, the Directors expect Softline Global to be better placed to accelerate its growth strategy based on its markets' dynamics.

This change will also enable employees to benefit from the market-leading Long-Term Employee Partnership Programmes in each of the companies, therefore allowing the two separate groups to attract and retain talented professionals, and further supporting the owner-operator culture of both groups.

Sergey Chernovolenko was recently appointed Chief Executive Officer of the Company (with effect from 1 August 2022) to lead the Transaction transition and Roy Harding has stepped down from his role of Chief Executive Officer of the Company. Roy will continue to serve on the board of directors as an executive director, as well as in an operational role responsible for the integration of strategic acquisitions within Softline Global.

Sergey will remain Chief Executive Officer of the Company (which will remain as the holding company of the Softline Global Group following completion of the Transaction) and will continue to serve as a member of its Board. Current Chief Executive Officer of Softline International, Hervé Tessler, will take up the new position of President of the Softline Global Group. Current Chief Financial Officer of Softline International, Burak Ozer, will become the Chief Financial Officer of the Softline Global Group. Softline is a leader in the global emerging markets in which it operates, and the Transaction will enable Softline Global to accelerate the execution of its three-dimensional strategy. Sergey, Hervé and Burak are all resident in the United Kingdom, where the headquarters for the Softline Global Group will be located.

4. Information on the Softline Global Group

Following the Transaction, Softline Global will be a global solutions and services provider in digital transformation (**DX**) and cybersecurity, headquartered in London. It will enable, facilitate and accelerate the digital transformation of its customers' businesses, connecting over 75,000 enterprise customers across a range of industries with several hundred IT vendors, delivering its own services and proprietary solutions. With approximately 3,800 employees globally, Softline Global will transact in more than 50 countries, including markets with significant growth potential (such as Brazil, India and Malaysia), it will address the entire range of its customers' IT needs. The GDRs of the Company will continue to be listed on London Stock Exchange (LSE:SFTL).

Softline Group reported approximately US\$1,086 million turnover outside Russia (representing 49 per cent. of Softline Global's turnover) for the FY2021 ending 31 March 2022. Following the completion of the Transaction, Softline Global will continue to deliver its solutions and services through three product lines, Software & Cloud (which represented approximately 89 per cent. of turnover and approximately 51 per cent. of gross profit in the year ended 31 March 2022), Hardware (which represented approximately 4 per cent. of turnover and approximately 6 per cent. of gross profit in the year ended 31 March 2022) and Services (which represented approximately 7 per cent. of turnover and approximately 43 per cent. of gross profit in the year ended 31 March 2022).

Softline Global will focus on emerging markets outside Russia to capitalise on their significant growth potential on the back of the accelerated digital transformation trend. It will also continue building its capability to provide skills available from talented employees in emerging markets to customers in more advanced ones with software development and other neighbouring services.

Softline Global will base its operations on the significant investments made by the Softline Group prior to and post its IPO in October 2021 in its governance, compliance, and risk management capabilities. This will allow Softline Global to ensure it can operate in its markets in a manner which is not only compliant with regulations, but also meets the strict standards of the future Softline Global's vendors-partners and customers.

As set out further below, following completion of the Transaction, Softline Global will continue to focus on growth driven by its strategic vendor relationships and other growth drivers, such as growth in multi-cloud and recurring turnover, digital transformation services, enhanced sales productivity and Softline Global's active participation in sector consolidation.

1. Relationship with Microsoft and other key vendors

Following completion of the Transaction, Softline Global will continue to benefit from strong relationships with its vendors inherited from the current Softline Group.

Microsoft will continue to be Softline Global's most significant vendor, following over 28 years of Softline's cooperation. Softline Group believes that it will continue to be one of only ten Microsoft globally managed Licence Service Providers (with Licence Service Provider status in 33 countries), and the leading emerging markets player in Microsoft's partner ecosystem, which will provide Softline

Global with advanced selling, marketing and technical support benefits from Microsoft. In the year ended 31 March 2022, turnover from sales of Microsoft products and services formed approximately 80 per cent. of the Softline Global Group's total pro forma turnover.

The quality of Softline's relationship with Microsoft is also highlighted by the number of qualifications and awards from Microsoft that future Softline Global will inherit from the Softline Group. Softline Global will also be a Gold Microsoft Partner with 16 Gold-level qualifications and Azure Expert Managed Services Provider (MSP).

Softline Global also plans to continue investing in expanding its Microsoft expertise and capabilities, including Power BI, PowerApps, Business Applications, Microsoft HW – organically and non-organically. It will grow the delivery of Microsoft-related services using g-local delivery model. Softline Global is expected to make further investments in its own products available on Azure Marketplace that augment Microsoft's own Teams technology (award-winning TotalVoice and TotalView) and in platforms. It will also work on further expanding its LSP geography and invest in developing its indirect Microsoft Cloud Service Provider Tier 2 offering.

Softline Global will also maintain robust relationships with its other strategic vendors, including Adobe, AWS, Apple, Cisco, Dell Technologies, Google, Hewlett Packard Enterprise, HP, IBM and Oracle. These relationships span decades for the Softline Group and multiple geographies.

2. Growth in multi-cloud and recurring turnover

The key focus for growth for Softline Global is multi-cloud capabilities. 89 per cent. of enterprises pursue a multi-cloud strategy, and using on average 2.6 public clouds each. In addition to having a sophisticated relationship with Microsoft and advanced Azure capabilities, Softline has been investing in its relationships and capabilities with two other major cloud services providers – AWS and GCP. These relationships with major public cloud providers are complemented by Softline's comprehensive services portfolio aimed at building, maintaining, securing, and migrating to multi-cloud infrastructures. Softline is also an Azure Expert Managed Services Provider and AWS Managed Services Provider – these two qualifications cover roughly 60 per cent. of cloud spend by organisations globally. It is expected that Softline Global will retain these after the Transaction.

3. Growth in digital transformation services

Another key growth driver for Softline Global will be DX services. Softline Global will continue consistently building its portfolio of digital transformation services based on the current capabilities of Softline Group. These services not only include software and application modernisation and development services mainly for customers in developed markets, but also cybersecurity services, big data and AI/ML services, SAM services, capabilities to build industrial Internet-of-Things systems as well as DX training offerings. Future Softline Global's portfolio of services will be supported by so-called g-local delivery model developed by Softline with Global Delivery Centre in India augmented by teams in key regions outside Russia.

The software development and application engineering and modernisation services include hundreds of software engineers available to customers in the developed markets in any vertical industry.

4. Strengthening the sales engine and improving up- and cross-sell

Softline Global also plans to further expand and strengthen Softline's sales engine outside Russia following completion of the Transaction. Since FY2016, Softline grew its B2B sales force outside Russia by 35 per cent. and average turnover per sales employee 176 per cent. to US\$1.9 million. The GP per sales employee has almost doubled in the same period to US\$212,000. Softline is investing in a number

of systems to further improve the productivity of the sales force, to cater for changing procurement approaches.

Further growing the capability of its sales force to upsell and cross-sell also represents significant opportunity for future growth of Softline Global. Initially engaging the customer with Microsoft products and solutions, delivering multi-cloud capabilities and digital transformation services, will allow Softline Global to upsell and cross-sell solutions of other vendors and its own other core services.

5. *Benefiting from the consolidation of the sector*

The overall sector of digital transformation solution and service providers as well as neighbouring sector of hardware and software resellers is going through significant transformation. Softline Global inherits considerable experience in acquiring smaller players in the local markets. Acquiring local companies will allow Softline Group to enter local markets faster and to grow acquired businesses at accelerated pace using its vendor relationships, platforms, and service capabilities and eventually take advantage of attractive valuations. It also allows to enhance service delivery capability and grow engineering cadre in order to “project” talent from the emerging markets into developed ones. With the recent IPO and strong balance sheet of the Softline Group, Softline Global is geared to benefit further from the on-going consolidation of the sector.

Softline Group has a long-standing history of double-digit organic growth outside Russia, supplemented by strategic acquisitions focused on expansion of its geographic reach and sales channels, portfolio, and capabilities. From the year ended 31 March 2017 to the year ended 31 March 2022, Softline Group delivered a 30 per cent. compound annual growth rate (CAGR) in turnover on a reporting currency basis outside Russia, outperforming the market over the same period. Adjusted EBITDA outside Russia has also grown at CAGR of 109 per cent. on a reported currency basis from the year ended 31 March 2020 to the year ended 31 March 2022. Softline Global’s share of recurring turnover has grown from 43.3 per cent. during the last three years, reaching 71 per cent. of the Softline Global’s total turnover in the year ended 31 March 2022.

5. **Current trading**

Q1 Business Highlights

The Company released its Q1 2022 trading update on 16 August 2022. Highlights for the Softline Group in Q1 2022 included in that trading update were as follows:

- (i) Gross Profit increased by 25.5 per cent. in constant currency to US\$78.2 million. Gross profit margin improved to 14.3 per cent.
- (ii) Group turnover increased by 8.3 per cent. year-over-year to US\$545 million in reported currency, and 10 per cent. in constant currency.
- (iii) The International business, which is now more than 50 per cent. of Softline overall, delivered very strong constant currency turnover growth of 44 per cent. year-over-year. This was driven by double-digit turnover growth in all international geographic segments.
- (iv) IT Services turnover grew 81 per cent. year-over-year to US\$47.7 million in reported currency, with gross profit growth of 137 per cent. year-over-year.
- (v) Recurring turnover increased to more than 70 per cent. of overall turnover, from 60 per cent. on average in FY 2021.

- (vi) Headcount increased 44 per cent. year-over-year to 8,358 employees on 30 June 2022. Softline more than doubled its Services capacity to 4,031 employees over the past 12 months.
- (vii) Strong execution of M&A with one more deal announced in June 2022, Seven Seas Technology in UAE, in line with its three-dimensional growth strategy.
- (viii) External recognition with Softline noted as a 'Visionary' in the 2022 Gartner Magic Quadrant for SAM Managed Services, and Partner of the Year with Microsoft in a number of international geographies.
- (ix) Reiterating its intention to proceed with a separation of its Russian and non-Russian operations, subject to all necessary approvals, including shareholder approval.

In that trading update, it was also noted that 67 per cent. of Softline's Q1 22 turnover was generated outside of Russia, reflecting very strong growth rates in Softline's international business, where turnover grew 44 per cent. year-over-year in constant currency. Growth was particularly strong in EMEA, and APAC, both organically and due to recent acquisitions. Softline's business in Russia declined due to key international vendors ramping down faster than expected.

Business outlook

As previously announced, in the near term, Softline plans to provide guidance for the next quarter only. The Company will continue to review the situation, and will provide longer term guidance at the appropriate time.

For Q2 22, Softline expects year-over-year turnover growth of at least 15 per cent.

In its global business outside Russia, the Company expects year-over-year growth of at least 30 per cent., and while this includes the impact of some continued uncertainty in its Rest of Eurasia (RoE) region, this represents a very strong level of growth.

In Russia, the company expects reported growth to be flattish year-over-year based on the continued uncertainty in the market. This includes a positive impact from FX of about 7 per cent. This should be viewed in the context of the transformation of the Russian IT market where IDC estimates that there will be at least a 25 per cent. decline in Information Communication Tech Spending in 2022/2021, and a 36 per cent. decline in Information Technology.

As it relates to Gross Profit overall for Q2, Softline expects year-over-year growth of at least 20 per cent.

Softline expects to deliver positive adjusted EBITDA for the group in Q2, including in the Russia operation.

6. Ongoing relationships between Softline Global and Softline Russia

Following completion of the Transaction, Softline Russia and Softline Global will be separate and independent businesses with separate boards and management teams. However, it is envisaged that the Softline Global Group and the Softline Russia Group will retain cooperative relationships going forward.

Separation Agreement and Transitional Services Agreement

Softline Global and Softline Russia will, prior to completion of the Transaction, enter into a separation agreement (the **Separation Agreement**) pursuant to which certain assets and liabilities relating to the Softline Global Group and Softline Russia Group have been separated, and certain cross indemnities entered into. The Separation Agreement is on customary terms for a transaction of this nature.

Softline Russia and Softline Global will, prior to completion of the Transaction, enter into a transitional services agreement (the **Transitional Services Agreement**). The Transitional Services Agreement covers temporary arrangements where certain shared services will be provided by Softline Russia to Softline Global on a transitional basis on arms' length terms for a period of up to 12 months plus any agreed extensions, subject to applicable laws (including Sanctions). The Transitional Services Agreement covers, amongst other things, services related to corporate IT, human resources, logistics, sales, legal, corporate finance processes and enterprise security.

Surplus cash balances and intercompany debts

On completion of the Transaction:

- the surplus cash balances for the Softline Group (which predominantly comprises cash proceeds from the IPO and proceeds from the sale of the Company's holding in Crayon, and excludes any operational cash) will be split between the Softline Global Group and the Softline Russia Group as described below; and
- there shall remain outstanding an intercompany loan from Softline Russia to the Company of USD20 million, repayable in December 2023.

Accordingly, upon completion of the Transaction, it is expected that the Softline Global Group will have a surplus cash balance of USD166.4 million and the Softline Russia Group will have a surplus cash balance of USD61.3 million. Assuming repayment of the intercompany loan following completion of the Transaction (upon its maturity), the surplus cash balance for the Softline Global Group will be USD146.4m and the surplus cash balance for the Softline Russia Group will be USD81.3 million.

Guarantees

The Company will retain guarantees in respect of Softline Russia's credit line agreement with Raiffeisenbank and the outstanding bonds issued by Softline Russia (until their maturity at the end of 2023 following which they will not be renewed).

Further information on the financing arrangements of Softline Russia (which are guaranteed by the Company), is set out in Part 6 (Additional Information) of this document.

Restructuring of existing options

As disclosed in Softline's IPO Prospectus, the Company implemented a share option plan (the **SOP**) which allowed for the grant of options (**SLH Options**) over ordinary shares in the Company to key employees. SLH Options have been granted and are outstanding over an aggregate of 16,283,353 SLH Securities under the SOP. At the current time (and based on the current valuation of the options), these are exercisable into 14,951,078 SLH Securities.

Concurrently with the Separation (and conditional on completion of the Separation), the SOP will be restructured. Under the restructuring, all holders of SLH Options will be offered the right to elect to retain their existing SLH Options or receive replacement options over SLR Shares (**SLR Options**). Holders of SLH Options who elect to replace them with SLR Options, will have their existing SLH Options cancelled.

To ensure that the value of the SLH Options remains, so far as practicable subject to normal market fluctuations, the same following the restructuring of the SOP, the options will be adjusted by applying the same Bonus SLH Securities issuance ratio as will apply to SLH Securities under the Transaction and the exercise price will be correspondingly adjusted. The exercise period for all outstanding options will also be extended by two years to June 2025 as part of the restructuring.

The Company expects that the employees of the Softline Russia Group will elect to receive SLR Options and the employees of the Softline Global Group will elect to retain their SLH Options. Based on this assumption, the Company expects that holders comprising 68 per cent of the SLH Options will elect to replace their options with SLR Options and holders comprising 32 per cent. of the SLH Options will elect to retain their existing SLH Options (as adjusted by the Bonus SLH Securities issuance ratio). These figures may vary depending in the actual elections made by each of the option holders pursuant to the restructuring of the SLH Options.

7. Bonus Issuance

The securities that Softline Securityholders will receive in connection with the Bonus Issuance will depend on the nature of their holding as of the Bonus Issuance Record Time, in particular whether such holding is Ordinary Shares, LSE GDRs or MoEX GDRs.

Ordinary Shareholders

Softline Securityholders who hold Ordinary Shares will receive the new Ordinary Shares on the settlement date of the Bonus Issuance (by entry into the Company's share register).

Holders of LSE GDRs

Softline Securityholders who hold LSE GDRs will receive their pro-rata entitlement to the Bonus SLH Securities by way of the Bonus Issuance.

If the Transaction proceeds, such Softline Securityholders will receive their entitlement to the Bonus SLH Securities on the settlement date of the Bonus Issuance. Bonus SLH Securities will be issued directly to the relevant securities account of such Softline Securityholders in the relevant Clearing System. Softline Securityholders who hold LSE GDRs will receive Bonus SLH Securities as represented by LSE GDRs.

Holders of MoEX GDRs

As at the date of this document, the linked securities accounts of the NSD in Euroclear and Clearstream remain blocked due to Sanctions. Therefore, holders of MoEX GDRs will not receive their entitlement to the Bonus Issuance via their brokerage account with the NSD (until such time as the asset freezing sanctions are lifted and all operations between Euroclear and NSD are resumed). It is currently unclear how long this will take and such Sanctions may apply indefinitely.

The Company has undertaken an extensive process, committed significant time and resources, and incurred significant cost over the last few months to design and implement a transaction structure to effect the separation of Softline Group's Russian business in a very challenging and evolving regulatory and business environment. Amongst other matters, the Company and its advisers sought to implement a structure that provided Softline Securityholders with the option of acquiring shares in the Russian business if they wished to do so. However, despite the Company's best efforts, given the complex Sanctions environment, it was not possible to find a structure to provide that option to Softline Securityholders. In particular, the EU asset freezing sanctions on the NSD made it impossible to effect any distribution of Russian shares through the Clearing Systems and made it practically impossible to undertake any transaction through the Clearing Systems other than a straight forward distribution of SLH Securities, to compensate Softline Securityholders for the value dilution caused by the sale of the Russian business.

8. Dilution

The Founder has waived his entitlement and the entitlement of SGI Limited (an entity controlled by the Founder and which is the largest shareholder in the Company) to the Bonus SLH Securities. As a result, of the maximum number of Ordinary Shares to be issued pursuant to the Resolutions (being 111,428,073 Ordinary Shares), the Company expects to issue up to only 50,119,533 new Ordinary Shares pursuant to the Bonus Issuance.

Following completion of the Transaction, it is expected that the Founder's interest in the Company will fall from approximately 53 per cent. to approximately 44 per cent. The aggregate interest of the other Softline Securityholders will increase from approximately 47 per cent. to approximately 56 per cent. following completion of the Transaction.

9. Taxation

Certain information about Russian, Cypriot, United Kingdom and United States taxation issues in relation to the Bonus Issuance is set out in Part 5 (Taxation). That summary relates only to the position of certain categories of Softline Securityholders, does not constitute tax advice and does not purport to be a complete analysis of all potential Russian, Cypriot, UK and US tax consequences of the Bonus Issuance. Any person who is in any doubt as to their tax position, or who is subject to tax in any jurisdiction other than Russia, Cyprus, the UK or the US, should consult their own professional adviser without delay.

10. Overseas Shareholders

The implications of the Bonus Issuance for overseas shareholders may be affected by the laws of the jurisdiction in which they are resident or otherwise located. Overseas shareholders should inform themselves about and observe all applicable legal requirements. It is the responsibility of any person into whose possession this document comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Bonus Issuance, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any taxes or levies due in such jurisdiction.

11. General Meeting and Action to be Taken

You will find set out at the end of this document a Notice of General Meeting convening the General Meeting to be held at 11:30 a.m. Cyprus time on 25 October 2022 at the Parklane hotel, 11 Giannou Kranidioti Street, Limassol, Cyprus, 4534.

At the General Meeting, the Resolutions will be proposed which, if passed, will enable the Transaction to proceed substantially on the terms and subject to the conditions set out in this document.

There are two Resolutions to be proposed at the General Meeting.

The purpose of the proposed Ordinary Resolutions is to permit the Company to capitalise distributable reserves to enable the Company to issue the Bonus SLH Securities by way of the Bonus Issuance. An ordinary resolution is required to be passed by a simple majority of the votes cast at the General Meeting.

The full text of the Resolutions is included in the Notice of General Meeting, which is set out in Part 8 (Notice of General Meeting) of this document.

Actions that may have to be taken by Softline Securityholders in respect of the General Meeting are set out on pages 8 to 9 of this document.

12. Potential risks

Discussion of existing and future material risks that relate to the Transaction, which you should take into account when considering whether to vote in favour of the Resolutions, is set out in Part 2 (Risk Factors).

13. Additional information

Your attention is drawn to the additional information set out in Part 6 (Additional Information) of this document. You are advised to read the whole of this document and not just rely on the key summarised information in this letter.

14. Financial advice

In reaching its view that the Transaction is in the best interests of the Company and Softline Securityholders as a whole, the Board has received independent financial advice from Weybridge in relation to the Transaction. In providing its financial advice to the Board, Weybridge has relied on the information provided to it by the Company and the Board's commercial assessment of the Transaction.

15. Recommendation to Softline Securityholders

The Board considers that the Transaction and the passing of the Resolutions are in the best interests of the Company and Softline Securityholders taken as a whole. Accordingly, the Board unanimously recommends that Softline Securityholders vote in favour of the Resolutions to be proposed at the General Meeting. The Founder, in his capacity as a Director, did not participate in and abstained from voting in the relevant meetings of the Board to consider and approve the Transaction.

The Directors intend to vote in favour of the Resolutions at the General Meeting in respect of the SLH Securities to which they are beneficially entitled.

Yours faithfully,

For and on behalf of Softline Holding PLC

Jacques Guers

Chairman

PART 2

RISK FACTORS

This section addresses the existing and future material risks that relate to, or are impacted by the Transaction. The risks below are not the only ones that the Softline Global Group will face. Some risks are not yet known and some that are not currently deemed material could later turn out to be material. All of these risks could materially affect the income, earnings, net assets, liquidity and capital resources, as well as the trading value of the shares, of the Softline Global Group. Softline Securityholders should read this section in conjunction with the rest of this document.

1. Risks relating to the Transaction

Completion of the Transaction is subject to Russian regulatory approval

The Separation is subject to regulatory approval by the Russian Government Commission. There can be no assurance that this approval will be obtained (or the timing of this approval being obtained).

While the Separation is not conditional upon the Bonus Issuance occurring, the Bonus Issuance is conditional upon the Separation occurring. Accordingly, if approval from the Russian Government Commission is not obtained, the Transaction will not proceed. There are costs associated with the implementation of the Transaction which will still be payable if the Transaction does not proceed.

In addition, if the Transaction does not complete, the Softline Russia Group will remain part of the Softline Group, which may prevent the anticipated benefits and opportunities that the Directors believe will result from the Transaction from being realised. Failure to complete the Transaction may also have an adverse effect on the reputation of Softline Group and on the external perception of its ability to implement large-scale projects successfully. This may be the case even where the failure to implement the Transaction is due to factors outside the control of Softline Group.

In particular, if the Transaction is not completed for any reason, the Softline Group would continue to have material exposure to Russia, which continues to face ongoing geopolitical instability and an overall worsening economic situation, including sustained capital flight and a slowdown of investment and business activity as a result of further outbreak of the Russia-Ukraine conflict in February 2022 (as well as the heightened risk of additional Sanctions).

The aggregate consequences of a failure to complete the Transaction could therefore have a material impact on the business, financial condition, results of operations and/or prospects of the Softline Group.

The Separation is not conditional upon the Bonus Issuance occurring

While it is the intention of the Company for the Separation and Bonus Issuance to proceed together at the same time, the Separation is not conditional upon the Bonus Issuance occurring. The Separation may therefore proceed independently of the Bonus Issuance if the Board determines that it is in the best interests of the Company and the Softline Securityholders to do so. This may be the case if the Russian regulatory approval to effect the Separation is obtained prior to the General Meeting or if the Resolutions are not approved at the General Meeting and the urgency of the Separation is such that the Board determines to proceed with the Separation independently of (or without) the Bonus Issuance.

If the Separation does proceed independently of (or without) the Bonus Issuance, Softline Securityholders would not be compensated for the value dilution caused by the sale of the Russian business, and Softline Securityholders could therefore suffer loss as a result.

Completion of the Transaction is subject to further approval by the Board

Notwithstanding that, as at the date of this document, the Board supports the Transaction and unanimously recommends that Softline Securityholders vote in favour of the Resolutions, the Board is entitled to decide not to proceed with the Transaction at any time prior to completion of the Transaction. Therefore, the Transaction will not complete if circumstances change such that the Board no longer considers that the Transaction would be in the best interests of the Company and Softline Securityholders as a whole. Such circumstances could include a material adverse change in general market conditions, resulting from, or relating to, the COVID-19 pandemic and geopolitical events such as the Russia-Ukraine conflict or changes in the law (including any applicable Sanctions).

2. Risks relating to the Softline Global Group as a result of the Transaction (and following completion of the Transaction)

The imposition of sanctions will materially adversely affect the economic environment in Russia, including the business, financial condition, results of operations and prospects of the Softline Global Group.

Following the renewed outbreak of the Russia-Ukraine conflict in February 2022, the US, EU and UK imposed wide ranging sanctions against Russia. Such sanctions include sanctions on a number of Russian persons, including current and former officials, businessmen, banks and companies, as well as companies owned or controlled by such persons, resulting in US, EU and UK persons not being able to do business with such sanctioned persons or provide funds or economic resources to them. In some cases, the assets of such sanctioned persons have been frozen. In addition, the US, EU and UK have imposed sanctions on entities operating in certain sectors of the Russian economy, including the financial, oil and gas, metal and mining and military and certain technology sectors. These sanctions have restricted, among other things, the ability of such entities to access the capital markets or otherwise obtain funding from US, EU and UK persons. Further, the UK has imposed bans on certain new investment in Russia, while the US has altogether prohibited new investment in Russia. The scope of these sanctions may expand if the Russia-Ukraine conflict continues. Other jurisdictions have also imposed various sanctions on Russia.

Neither the Softline Global Group nor the Softline Russia Group is currently directly targeted by any UK, EU or US sanctions. There can also be no assurances that sanctions will not expand to companies operating in the sector that the Softline Group currently operates in (or the Softline Global Group may operate in the future), or that any significant stakeholder in the Softline Global Group will not become subject to any US, EU and UK or other sanctions in the future. These reasons could include previous exposure to the Russian market or any such stakeholder being a Russian national (or Russian entity). In this case, the Softline Global Group could be restricted from accessing capital markets or acquiring certain UK, EU or US technology, in which case these entities could face difficulties in conducting their operations, satisfying their obligations to customers, and maintaining relationships with vendors. These potential restrictions may have a material adverse effect on the business, financial condition, results of operations and prospects of the Softline Global Group.

The Transaction may fail to realise some or all of its anticipated benefits

There can be no guarantee that the Softline Global Group will realise any or all of the anticipated benefits of the Transaction, either in a timely manner or at all. Some or all of the potential benefits of the Transaction may not be achieved, as a result of circumstances outside the control of the Softline Global Group. The Softline Global Group will face a number of challenges relating to the implementation of the Transaction and operating as a standalone business. There may be adverse financial, operational, customer and reputational implications if either fails (either wholly or in part) to meet these challenges. Additional costs and management resources may also be required to address any issues, whether they arise from any failure to meet the challenges of separation and operating successfully as independent businesses or from external factors.

Failure to realise the anticipated benefits of the Transaction could have an adverse effect on the Softline Global Group's business, financial condition, results of operations and prospects.

The market price of SLH Securities may go down as well as up

Softline Securityholders should be aware that the value of an investment in the SLH Securities may go down as well as up and can be highly volatile. The price which investors may realise for their SLH Securities will be influenced by a large number of factors, some specific to the Softline Global Group and its operations, and some which may affect its industries as a whole, other comparable companies or publicly traded companies as a whole.

Such factors may include the sentiments of investors in relation to the Transaction; the actual or anticipated fluctuations in the financial performance of the Softline Global Group and its competitors; geopolitical events, including the effects of the Russia-Ukraine conflict; market fluctuations and general economic conditions; technological development; the impact of the COVID-19 pandemic; historical exposure or association with Russia and legislative or regulatory changes affecting the respective industries of the Softline Global Group, and its vendors and customers more generally. Together with other factors, these could lead to the price of the Softline Global Group going up or down.

Third parties may terminate or seek to modify existing contracts with the Softline Global Group as a result of the Transaction

Certain agreements to which the Softline Global Group is party may require amendment or renegotiation to the extent that the counterparty will continue to receive or provide services from or to the Softline Global Group. Counterparties may seek to renegotiate the contracts on terms less favourable to the Softline Global Group

If a large number of third-party consents cannot be obtained, or the terms of such contracts are modified in a manner that is adverse to the Softline Global Group, there may be a material adverse effect on the business, financial performance, results of operations and prospects of the Softline Global Group.

Following the Transaction, Softline Group will form a smaller, less diversified group

Following the Transaction, Softline Group will no longer own the companies and assets that comprise the Softline Russia Group and there will be no ongoing contributions by the Softline Russia Group to the central cash balances and profit of Softline Group. The Softline Russia Group is a significant part of the Softline Group (constituting 51 per cent. of the revenues of Softline Group for the year ending 31 March 2022).

Accordingly, following the Transaction, the Softline Global Group will be smaller than it is currently. The Softline Global Group may therefore be more susceptible to adverse developments in the remaining markets in which it operates. As a result of the reduction in Softline Group's size, should any part of the Softline Global Group's business underperform (including, in particular, certain key markets that it is exposed to such as India and/or Chile, Egypt and Malaysia), this may have a larger relative impact on the Softline Global Group than it would have done prior to the Transaction.

The low liquidity of GDRs may impact the ability of Softline Securityholders to exit their position in the future

Liquidity and volumes of trading in GDRs has been very low, partly due to the having a free float of around 29 per cent. of the GDRs listed on the LSE and also due to the relatively low volumes of Russian linked securities generally on the LSE since the renewed outbreak of the Russia-Ukraine conflict in February 2022. Softline Securityholders who receive additional GDRs may therefore find that there is insufficient liquidity in the market to sell their GDRs in the future, or exit their current position in GDRs.

Material agreements between the Softline Global Group and the Softline Russia Group that provide certain items and resources to support administrative functions are in place for a limited period of time and the Softline Global Group's business could be disrupted if there is any breach of these agreements, or if these agreements are terminated

As a result of the Transaction, a transitional services agreement has been entered into between the Softline Global Group and the Softline Russia Group, pursuant to which the Softline Russia Group has agreed to provide certain administrative services to the Softline Global Group for a short period following completion of the Transaction. These services include accounting, IT, treasury, agency and consultancy services.

After the transitional services agreement expires or is otherwise terminated, if the Softline Global Group has not been successful in establishing independent administrative and support functions needed to operate as a stand-alone company, or if the costs of any alternative services provider is significantly greater, the Softline Global Group's business, results of operations, financial condition and prospects could be materially adversely affected. Any arrangements the Softline Global Group negotiates with third parties or with the Softline Russia Group after the expiration of its current transitional services arrangements, may fail to adequately support the Softline Global Group, and could result in greater costs for the Softline Global Group or otherwise negatively impact the Softline Global Group's operations. Further, the US, UK and/or EU may impose additional sanctions that further limit Softline Russia Group's ability to provide transitional services to Softline Global Group.

PART 3

FINANCIAL INFORMATION RELATING TO THE SOFTLINE RUSSIA GROUP

1. Nature of financial information

The following historical financial information relating to Softline in Russia has been extracted without material adjustment from the accounting records that underlie the audited consolidated financial information of the Softline Group for the years ended 31 March 2022, 31 March 2021 and 31 March 2020. The Directors are satisfied that the following historical financial information, including any allocations made (and noted below), provides a reasonable basis for the presentation of the financial information relating to the Softline Russia Group.

Ernst & Young Cyprus Ltd were the auditors for the Softline Group in respect of the three years ended 31 March 2022. The auditors' reports in respect of those accounts were unqualified and did not contain statements.

The financial information in this Part 3 (Financial Information Relating to the Softline Russia Group) does not constitute statutory accounts. Shareholders should read the whole of this document and not rely solely on the summarised financial information in this Part 3 (Financial Information Relating to the Softline Russia Group).

2. Audited income statement of the Softline Russia segment of the Softline Group

USDm			
For the year ended March 31	2022	2021	2020
Revenue from contracts with customers	982.3	940.7	911.6
Cost of sale	(799.1)	(787.1)	(755.0)
Gross profit	183.2	153.6	156.6
Selling, general and administrative expenses	(152.3)	(113.0)	(119.0)
Other operating expenses / income	1.6	(8.2)	1.6
Operating profit	32.5	32.4	39.1
Gain of bargain purchase	-	1.9	-
Foreign exchange gain (loss)	(3.4)	(1.3)	4.2
Finance income	1.7	2.7	2.7
Finance costs	(10.9)	(14.0)	(14.4)
Profit before tax	19.9	21.7	31.6
Income tax expense	(3.5)	(14.8)	(3.2)
Profit for the year	16.4	6.9	28.4
Adjusted EBITDA	48.7	52.9	48.9

3. Unaudited Net Asset Statement of the Softline Russia Group

USDm

As at 31 March 2022

ASSETS		LIABILITIES	
Non-current assets		Non-current liabilities	
Long-term loans issued	8.3	Long-term borrowings	39.2
Property, plant and equipment	7.8	Long-term payables for acquisitions	4.0
Intangible assets	33.9	Long-term deferred payments for acquisitions	0.5
Goodwill	13.5	Other long-term creditors	7.0
Right-of-use assets	9.9	Deferred tax liabilities	0.6
Equity investment at FVOCI	2.8		
Other non-current assets	2.4		
Deferred tax assets	2.3		
Total non-current assets	80.9	Total non-current liabilities	51.3
Current assets		Current liabilities	
Software licenses and other inventory	37.8	Trade and other payables	166.4
Income tax receivables	0.3	Short-term borrowings	84.4
Trade and other receivables, net	118.1	Short-term deferred payments for acquisitions	0.6
Loans issued	20.8	Short-term payables for acquisitions	1.8
Cash and cash equivalents	57.4	Income tax payables	0.5
Total current assets	234.4	Total current liabilities	253.7
Total assets	315.3	Total liabilities	305.0
Net assets	10.3		

PART 4

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE SOFTLINE GLOBAL GROUP

Section A: Unaudited Pro Forma Statement of Net Assets of the Softline Global Group

The unaudited pro forma statement of net assets set out below has been prepared on the basis set out in the notes below to illustrate the impact of the Transaction on the net assets of the Softline Global Group as at 31 March 2022 as if it had taken place at that date (the **Unaudited Pro Forma Financial Information**).

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Softline Global Group's actual financial position or results.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of section 434 of the Companies Act. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part 4 (Unaudited Pro Forma Statement of Net Assets of the Softline Global Group).

The Unaudited Pro Forma Financial Information does not reflect the effect of anticipated synergies or dis-synergies and efficiencies associated with the Separation, nor the costs which may be incurred in relation thereto.

The Unaudited Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies adopted by the Softline Group in preparing its consolidated audited financial statements for the 12 months ended 31 March 2022.

Unaudited Pro Forma Statement of Net Assets as at 31 March 2022

USDm	Adjustments					
	The Softline Group Net Assets	The Softline Russia Group Net Assets	Consolidation adjustments	Separation adjustments	Financing adjustments	Pro Forma remaining Group
As at 31 March 2022	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	<i>Note 4</i>	<i>Note 5</i>	
ASSETS						
Non-current assets						
Long-term loans issued	3.2	8.3	(4.5)	(1.6)	-	1.0
Property, plant and equipment	13.5	7.8	-	-	-	5.7
Intangible assets	69.2	33.9	-	(12.4)	-	47.7
Goodwill	124.6	13.5	-	-	-	111.1
Right-of-use assets	12.0	9.9	-	-	-	2.1
Equity investment at FVOCI	62.2	2.8	(2.8)	-	-	62.2
Other non-current assets	3.4	2.4	-	-	-	1.0
Deferred tax assets	10.2	2.3	-	-	-	7.9
Total non-current assets	298.3	80.9	(7.3)	(14.0)	-	238.7
Current assets						
Software licenses and other inventory	54.0	37.8	-	(8.7)	-	24.9

USDm	Adjustments						
	The Group	Softline Net	The Softline Russia Group	Net Consolidation adjustments	Separation adjustments	Financing adjustments	Pro Forma remaining Group
As at 31 March 2022	<i>Note 1</i>		<i>Note 2</i>	<i>Note 3</i>	<i>Note 4</i>	<i>Note 5</i>	
Income tax receivables	8.7		0.3	-	(0.5)	-	8.9
Trade and other receivables, net	350.1		118.1	(5.3)	(17.2)	-	254.5
Loans issued	18.4		20.8	(2.6)	-	-	0.2
Cash and cash equivalents	334.1		57.4	-	(10.4)	9.0	278.1
Total current assets	765.3		234.4	(7.9)	(36.8)	9.0	566.6
Total assets	1,063.6		315.3	(15.2)	(50.8)	9.0	805.3
LIABILITIES							
Current liabilities							
Trade and other payables	395.9		166.4	(3.6)	(21.4)	-	254.5
Short-term borrowings	89.2		84.4	-	(34.2)	-	39.1
Short-term deferred payments for acquisitions	18.9		0.6	-	-	-	18.3
Short-term payables for acquisitions	29.8		1.8	-	-	-	28.0
Income tax payables	3.0		0.6	-	-	-	2.4
Total current liabilities	536.8		253.7	(3.6)	(55.6)	-	342.3
Non-current liabilities							
Long-term borrowings	49.2		39.2	-	-	-	10.0
Long-term payables for acquisitions	22.4		4.0	-	-	-	18.4
Long-term deferred payments for acquisitions	7.4		0.5	-	-	-	6.9
Other long-term creditors	14.9		7.0	-	-	-	7.9
Deferred tax liabilities	5.3		0.6	-	(0.2)	-	4.9
Total non-current liabilities	99.2		51.3	-	(0.2)	-	48.1
Total liabilities	636.0		305.0	(3.6)	(55.8)	-	390.4
Net assets	427.6		10.3	(11.6)	5.0	9.0	414.9

Notes:

- (1) The Softline Group's statement of net assets is presented without any adjustments at 31 March 2022.
- (2) The Softline Russia Group's financial information has been extracted from the audited statements of the financial position of Softline Group without any adjustments and without revaluation of net assets to fair value.

- (3) Elimination of the Softline Group's intragroup balances recognised in the statement of financial position of the Softline Russia Group (Note 2).
- (4) Adding Niltasoft Limited (Cyprus) balances to the Softline Global Group.
- (5) Advance financing of Transitional Services Agreement.

PART 5

TAXATION

1. UK tax considerations

The comments set out below are based on current UK tax law as applied in England and Wales and what is understood to be HMRC practice (which may not be binding on HMRC) as at the date of this document, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide and apply only to Softline Securityholders resident and, in the case of an individual, domiciled for tax purposes in, and only in, the UK (except insofar as express reference is made to the treatment of non-UK residents) who hold SLH Securities as an investment and who are the absolute beneficial owners thereof. The discussion does not address all possible UK tax consequences relating to the receipt of SLH Securities, as well as the ownership and disposal thereof. Certain categories of Softline Securityholders, such as traders, brokers, dealers, banks, financial institutions, insurance companies, investment companies, collective investment schemes, tax-exempt organisations, persons connected with the Company, persons holding SLH Securities as part of hedging or conversion transactions, persons holding SLH Securities through a tax-exempt wrapper in the United Kingdom such as an Individual Savings Account or a personal equity plan, Softline Securityholders who have (or are deemed to have) acquired their securities by virtue of an office or employment, and Softline Securityholders who are or have been officers or employees of the Company or an affiliate company, may be subject to special rules and this summary does not apply to such Softline Securityholders.

This summary assumes that all UK resident Softline Securityholders will be treated as Participating Softline Securityholders and therefore will receive Bonus SLH Securities pursuant to the Bonus Issuance.

Softline Securityholders who are in any doubt as to their UK tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers.

1.1 Receipt of Bonus SLH Securities by Participating Softline Securityholders pursuant to the Bonus Issuance

Individuals

On the basis of UK case law, individual Participating Softline Securityholders who receive the Bonus Issuance should not be treated as receiving income in respect of the issue of the Bonus SLH Securities, and should therefore not be liable to income tax in respect of the Bonus SLH Securities.

The issue of the Bonus SLH Securities pursuant to the Bonus Issuance should not trigger a disposal of an individual Softline Securityholder's existing holding of SLH Securities (the **Original Holding**) for the purposes of capital gains tax. The issue of the Bonus SLH Securities will not generate further allowable expenditure for capital gains tax purposes, but any expenditure incurred in respect of the Original Holding will be apportioned across the single holding comprising the Original Holding and the Bonus SLH Securities acquired pursuant to the Bonus Issuance.

Companies

The receipt of the Bonus SLH Securities should be treated as a distribution from the Company to the extent of the amount of any repayment of share capital by the Company in the previous 10 years. To the extent that the value of the Bonus SLH Securities exceeds this amount, the receipt of the Bonus SLH Securities should not be treated as a distribution, but any subsequent repayment of capital by the Company will be treated as a distribution for corporation tax purposes up to the amount of that excess.

For the reasons given in paragraph 1.2, a company within the charge to UK corporation tax should generally be exempt from tax on distributions received from the Company.

1.2 Holding SLH Securities on an ongoing basis

Dividends

A dividend paid by the Company on the SLH Securities should be treated as follows.

Individuals

A nil rate of income tax will apply for the first £2,000 of dividend income received by an individual Softline Securityholder in a tax year (the **Nil Rate Amount**).

The rate of tax applicable to dividend income in excess of the Nil Rate Amount will depend on the wider tax position of the Softline Securityholder. Broadly speaking, after taking into account the amount (if any) of a Softline Securityholder's personal allowance, and any other allowances, exemptions and reliefs, the Softline Securityholder'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. The rates of income tax on dividends received above the Nil Rate Amount are (a) 8.75 per cent. for dividends in the basic rate band; (b) 33.75 per cent. for dividends in the higher rate band; and (c) 39.35 per cent. for dividends in the additional rate band.

In determining the tax band in which any dividend income over the Nil Rate Amount falls, dividend income is treated as the top slice of a Softline Securityholder's income and dividend income within the Nil Rate Amount is still taken into account.

Because dividend income (including income within the Nil Rate Amount) is taken into account in assessing whether a Softline Securityholder'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 Softline Securityholder is entitled.

Companies

A Softline Securityholder 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 a dividend paid on the SLH Securities provided certain conditions are met (including an anti-avoidance condition).

A Softline Securityholder 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 a dividend paid on the SLH Securities 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 per cent. 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.

Capital gains

A disposal or deemed disposal of SLH Securities by a Softline Securityholder who is resident in the UK for tax purposes or, in the case of an individual, who is resident outside the UK for a period of five years or less may, depending on the Softline Securityholder'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.

1.3 Stamp Duty

No UK stamp duty or stamp duty reserve tax is expected to be payable in connection with the Bonus Issuance of Bonus SLH Securities.

2. US tax considerations

2.1 US Federal Income Tax Considerations

The following is a summary of certain material US federal income tax consequences to US Holders (as defined below) of the receipt of the Bonus SLH Securities pursuant to the Bonus Issuance and holding the SLH Securities on an ongoing basis. This summary does not cover all aspects of US federal income taxation that may be relevant to the receipt of Bonus SLH Securities and does not address the effects of any state, local, US non-income or non-US tax laws. In particular, this summary does not address all of the tax considerations that may be applicable to investors subject to special treatment under US federal income tax laws (financial institutions, regulated investment companies, real estate investment trusts, insurance companies, dealers or traders subject to a mark-to-market method of accounting with respect to the securities, persons holding the securities as part of a “straddle”, hedge, integrated transaction or similar transaction, persons who acquired the securities through the exercise or cancellation of employee stock options or otherwise as compensation for their services, holders whose functional currency is not the US dollar, holders that are expatriates, shareholders that are partnerships or other pass-through entities for US federal income tax purposes; holders that own their shares indirectly through holding companies, holders owning or considered as owning 10 per cent. or more of the shares of the Company (by vote or value); persons that are subject to “applicable financial statement rules” under Section 451 (b) of the Internal Revenue Code of 1986 (the “Code”); and tax-exempt entities). This summary assumes that US Holders have held their SLH Securities, and will hold the Bonus SLH Securities, as capital assets within the meaning of section 1221 of the Code. This summary does not address the US federal income tax consequences of any US Holder assigning its right to receive the Bonus SLH Securities.

As used herein, the term “US Holder” means a beneficial owner of SLH Securities that is, for US federal income tax purposes: (i) a citizen or individual resident of the US; (ii) a corporation created or organised in or under the laws of the US or any State thereof; (iii) an estate the income of which is subject to US federal income tax without regard to its source; or (iv) a trust if a court within the US is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in an entity treated as a partnership for US federal income tax purposes that holds or that will hold SLH Securities, will depend on the status of the partner and the activities of the entity. Holders that are partnerships for US federal income tax purposes should consult their tax advisers concerning the US federal income tax consequences to their partners of participating in the Bonus Issuance, and of owning securities in SLH.

This summary assumes that all US Holders will be treated as Participating Softline Securityholders and therefore will receive Bonus SLH Securities pursuant to the Bonus Issuance.

Subject to the discussion below under “*PFIC Considerations*”, this summary also assumes that the Company is not currently and has not been, and that the Company will not be, a passive foreign investment company (**PFIC**) for US federal income tax purposes. If the Company is or has been, or were to become, a PFIC in any year, special, possibly materially adverse, consequences could result for US Holders. US Holders are urged to consult their own tax advisers regarding how to determine whether the Company is or has been, or is likely to become, a PFIC, and as to the particular tax consequences to them if the Company is or has been, or were to become in any year, a PFIC.

This summary further assumes that the Company is not a controlled foreign corporation for US federal income tax purposes and also that there are no US Holders that qualify for a 100 per cent. dividends received deduction under section 245A of the Code, as amended, with respect to distributions from the Company.

This summary is based on the US federal income tax laws, including the Code, its legislative history, final, temporary, and proposed regulations thereunder, published rulings, and court decisions, all as of the date hereof

and all of which are subject to change, possibly with retroactive effect. A change in law or any of these authorities upon which this summary is based could adversely affect the US federal income tax consequences set out below.

The summary of US federal income tax consequences set out below is for general information only and is subject to the limitations and qualifications set forth herein. US Holders are urged to consult their own tax advisers as to the particular tax consequences to them of receiving and owning securities in the Company.

2.2 The receipt of the Bonus SLH Securities pursuant to the Bonus Issuance

Subject to the discussion below under “*PFIC Considerations*” on receipt (or deemed receipt) of Bonus SLH Securities pursuant to the Bonus Issuance, such distribution (measured at an amount equal to the fair market value of the SLH Securities received as of the date of the Bonus Issuance) should be treated as a dividend to US Holders to the extent of the Company’s current or accumulated earnings and profits, as determined for US federal income tax purposes. Any amount of the distribution in excess of such earnings and profits would be applied to reduce the US Holder’s tax basis in their SLH Securities. To the extent the distribution exceeds both earnings and profits and tax basis, the remainder would be treated as gain from the sale or exchange of property for US federal income tax purposes. Because the Company does not maintain records of its earnings and profits for US federal income tax purposes, US Holders should assume that the entire amount of the distribution would be treated as a dividend for US federal income tax purposes. A reduced rate may be applicable for the individual US Holders, provided that, *inter alia*, the holding period requirement is met to qualify the dividend as a “qualified dividend” for US federal income tax purposes and the Company qualifies for benefits under the double taxation treaty between the US and the Cyprus. US Holders should generally have a tax basis in the Bonus SLH Securities received pursuant to the Bonus Issuance in amount equal to the fair market value of the Bonus SLH Securities received as of the date of the Bonus Issuance.

US Holders are urged to consult their own tax advisers regarding the consequences of receiving Bonus SLH Securities pursuant to the Bonus Issuance.

2.3 Holding SLH Securities on an ongoing basis

Subject to the PFIC rules, if the Company makes a distribution of cash or other property to a US Holder, such distribution will generally be treated as a dividend for US federal income tax purposes to the extent the distribution is paid out of the Company’s current or accumulated earnings and profits (as determined under US federal income tax principles). Any amount of a distribution by the Company in excess of current and accumulated earnings and profits would be expected to be applied to reduce the US Holder’s tax basis in their SLH Securities. To the extent the distribution exceeds both of current and accumulated earnings and profits and the US Holder’s tax basis, the remainder would be expected to be treated as gain from the sale or exchange of property for US federal income tax purposes. As discussed above, because the Company does not maintain records of its earnings and profits for US federal income tax purposes, US Holders should assume that the entire amount of any distribution would be treated as a dividend for US federal income tax purposes. Such dividends could potentially qualify for preferential rates applicable to qualified dividends, provided certain requirements are met (as mentioned in paragraph 2.2 above). The preferential rates generally would not be available if the Company is a PFIC.

The amount of any dividend paid in a non-US currency will equal the US dollar value of the amount received, calculated by reference to the exchange rate in effect on the date the dividend is received, regardless of whether the non-US currency is converted into US dollars. If the amount received as a dividend in non-US currency is converted into US dollars on the date it is received, a US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income. If the amount received as a dividend in non-US currency is not converted into US dollars on the date of receipt, a US Holder of SLH Securities will have a basis in the non-US currency equal to their US dollar value on the date of receipt. Any gain or loss realised on a subsequent conversion or other disposition of the non-US currency generally will be treated as US source ordinary income or loss.

Provided the US Holder elects to credit foreign taxes, withholding taxes paid to Cyprus potentially could be credited against US federal income tax. The rules governing the availability of foreign tax credits are complex and US Holders are urged to consult their own tax advisers regarding the applicability of those rules to any withholding taxes on the SLH Securities.

Capital gain or loss for US federal income tax purposes should generally be recognised on the sale or other taxable disposition of the SLH Securities equal to the difference, if any, between the amount realised and the adjusted tax basis in the SLH Securities. A reduced rate may be applicable for individual US Holders, provided that, *inter alia*, the holding period requirement is met to qualify the gain as long-term capital gain.

A US Holder of SLH Securities that receives non-US currency from a sale or disposition of SLH Securities generally will realise an amount equal to the US dollar value of the non-US currency on the date of sale or disposition or, if such US Holder is a cash basis taxpayer, or an electing accrual basis taxpayer and the SLH Securities are treated as being traded on an "established securities market" for this purpose, the settlement date. For a US Holder that is an accrual basis taxpayer that does not so elect, such US Holder generally will recognise US source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the US dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date.

If the non-US currency received is converted into US dollars on the settlement date, a cash basis or electing accrual basis US Holder of SLH Securities will not recognise foreign currency gain or loss on the conversion. If the non-US currency received is not converted into US dollars on the settlement date, the US Holder will have a basis in the non-US currency equal to the US dollar value on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the non-US currency generally will be treated as ordinary income or loss to such US Holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Investors should consult their own tax advisers concerning any potential foreign currency gain or loss in connection with the sale or exchange of the SLH Securities for a cash amount paid in non-US currency.

US Holders are urged to consult their own tax advisers regarding the consequences of holding SLH Securities on an ongoing basis.

2.4 PFIC Considerations

Generally, a corporation organised or incorporated outside the United States is a PFIC in any taxable year in which either: (a) at least 75 per cent. of its gross income is classified as "passive income"; or (b) at least 50 per cent. of the average quarterly value of its assets is attributable to assets that produce or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. For purposes of this analysis, the non-US corporation is considered as holding directly its proportionate share of the assets of any corporation in which it owns at least 25 per cent., by value, of the stock directly or indirectly (the 'look-through rule'). PFIC status is factual in nature, generally cannot be determined until the close of the taxable year in question, and is determined annually. If a non-US corporation is classified as a PFIC in any taxable year that a shareholder owns shares in such corporation, it generally will continue to be treated as a PFIC for that shareholder in all succeeding taxable years, regardless of whether it continues to meet the definition of a PFIC in subsequent years.

The Company does not believe that it was a PFIC for the 2020 and 2021 taxable years and does not expect to be a PFIC for its current taxable year. However, the Company has not analysed its PFIC status for every prior taxable year and no assurances can be given that the Company was not a PFIC for any taxable year in which a US Holder may have held an interest in the SLH Securities. In addition, no assurances can be provided that the Company will not become a PFIC in the future.

If the Company were treated as a PFIC for any taxable year during which a US Holder held SLH Securities, such US Holder would be subject to special tax rules with respect to any "excess distribution" received and any gain

realised from a sale or other disposition (including a pledge) of SLH Securities. Distributions received in a taxable year that are greater than 125 per cent. of the average annual distributions received during the shorter of the three preceding taxable years or the US Holder's holding period for SLH Securities will be treated as excess distributions. Under these special tax rules: (i) the excess distribution or gain will be allocated rateably over the US Holder's holding period for the SLH Securities; (ii) the amount allocated to the current taxable year and any year before the Company became a PFIC will be treated as ordinary income; and (iii) the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year and an interest charge (at the rate generally applicable to underpayments of tax for the period from such year to the current year) will be imposed on the resulting tax attributable to each such year. A US Holder of SLH Securities will generally be subject to similar rules with respect to distributions to the Company by, and dispositions by the Company of the stock of, any direct or indirect subsidiaries that are also PFICs, even though the US Holder will not receive the proceeds of those distributions or dispositions. These rules generally would also apply to the Bonus Issuance if the Company was treated as a PFIC in any taxable year prior to the Transaction in which the relevant US Holder held its SLH Securities.

Certain elections may be available that would result in alternative treatments of the SLH Securities in the event that the Company is or was a PFIC (such as a mark-to-market treatment). US Holders should consult their tax advisers with respect to the PFIC rules and whether any election would be available and, if so, what the consequences of the alternative treatment would be in their particular circumstances.

2.5 Backup Withholding and Information Reporting

Information reporting may apply to amounts received pursuant to the Bonus Issuance and to dividends in respect of the SLH Securities and the proceeds from the sale, exchange or redemption of the SLH Securities that are paid to holders within the United States (and in certain cases, outside the United States), unless a holder is an exempt recipient. Backup withholding may apply to such payments if a holder fails to provide a taxpayer identification number or certification of other exempt status or fails to otherwise comply with the backup withholding requirements. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a holder's US federal income tax liability provided the required information is timely furnished to the IRS.

Certain US Holders that own "specified foreign financial assets" that meet certain US dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. The SLH Securities generally will constitute specified foreign financial assets subject to these reporting requirements unless the SLH Securities are held in an account at certain financial institutions. US Holders are urged to consult their tax advisers regarding the application of these disclosure requirements and any other applicable reporting requirements to their ownership of the SLH Securities.

3. Russian tax considerations

3.1 General considerations

The comments set out below are based on current Russian tax law and relevant interpretations thereof as applied in Russia as at the date of this document, both of which are subject to change, possibly with retrospective effect. This overview does not seek to address the applicability of, or procedures in relation to, taxes levied by regions, municipalities or other non-federal level authorities of Russia, nor does it seek to address the availability of double tax treaty (DTT) relief in respect of income payable on the GDRs, or practical difficulties connected with claiming such DTT relief. The below comments do not constitute tax advice and do not purport to be a complete analysis of all potential Russian tax consequences of the Transaction. They are intended as a general guide and relate only to the position of Softline Securityholders being tax resident in Russia. Certain categories of Softline Securityholders may be subject to special rules or particular tax exemptions and this summary does not apply to such Softline Securityholders.

No representation with respect to the Russian tax consequences relating to the Transaction as well as the ownership or disposal of the GDRs pertinent to any particular Softline Securityholder is made hereby. Any Softline Securityholder who is in any doubt as to their tax position, or who is subject to tax in any jurisdiction other than Russia, should consult their own professional adviser.

Many aspects of Russian tax laws are subject to significant uncertainty and a lack of interpretive guidance, resulting in the inconsistent interpretation and application of such laws. Further, provisions of the Russian Tax Code applicable to financial instruments and the interpretation and application of those provisions by the Russian tax authorities may be subject to more rapid and unpredictable changes (possibly with retrospective effect) and inconsistent interpretation than in jurisdictions with better developed capital markets or taxation systems. In particular, the interpretation and application of such provisions will in practice rest substantially with local tax inspectorates and relevant interpretations may continually change. In practice, interpretation by different tax inspectorates may be inconsistent or contradictory, and may result in the imposition of conditions, requirements or restrictions that are not explicitly stated in the Russian Tax Code. Similarly, in the absence of binding precedents, court rulings on tax or other related matters taken by different Russian courts relating to the same or similar facts and circumstances may also be inconsistent or contradictory.

For the purposes of this overview, the term “Corporate Russian Softline Securityholder” means a Softline Securityholder which is a legal entity or an organisation and is:

- (a) a Russian legal entity;
- (b) a foreign legal entity or organisation treated as a Russian tax resident based on Russian domestic tax law (if Russia is treated as the place of management of such legal entity or organisation as determined in the Russian Tax Code unless otherwise envisaged by an applicable DTT);
- (c) a foreign legal entity or organisation treated as a Russian tax resident based on the provisions of an applicable DTT (for the purposes of application of such DTT); or
- (d) a foreign legal entity or organisation which holds and/or disposes of the GDRs through its permanent establishment in Russia.

For the purposes of this overview, the term “Individual Russian Softline Securityholder” means a Softline Securityholder who is an individual and is actually present in Russia for a total of 183 calendar days or more in any period comprised of 12 consecutive months. Presence in Russia is not considered interrupted if an individual departs for short periods (less than six months) from Russia for medical treatment or educational purposes as well as for employment or other duties related to the performance of services on offshore hydrocarbon fields. The interpretation of this definition by the Russian Ministry of Finance states that, for tax withholding purposes, an individual’s tax residence status should be determined on the date of the payment (based on the number of days in Russia in the 12-month period preceding the date of the payment). An individual’s final tax liability in Russia for any reporting calendar year should be determined based on the number of days spent in Russia in such calendar year.

For the purposes of this overview, the term “Russian Softline Securityholders” means Corporate Russian Softline Securityholders and Individual Russian Softline Securityholders.

For the purposes of this overview, the term “Corporate Non-Resident Softline Securityholder” means any legal entity or an organisation that does not qualify as a Corporate Russian Softline Securityholder, and the term “Individual Non-Resident Softline Securityholder” means any individual Softline Securityholder who does not qualify as an Individual Russian Softline Securityholder. For the purposes of this overview, the term “Non-Resident Softline Securityholders” means Corporate Non-Resident Softline Securityholders and Individual Non-Resident Softline Securityholders.

Softline Securityholders should seek professional advice on their tax status in Russia.

3.2 *Taxation of the transfer/receipt of Bonus SLH Securities pursuant to the Bonus Issuance*

The transfer/receipt of Bonus SLH Securities pursuant to the Bonus Issuance paid to an Individual Russian Softline Securityholder should be treated as a dividend and generally be subject to tax in Russia at the standard personal income tax rate of the gross dividend amount to be declared. A progressive scale of personal income tax is applied so that first RUB 5 million of annual income are subject to 13 per cent. and income exceeding this amount is subject to 15 per cent. Generally, an Individual Russian Softline Securityholder may be required to declare his or her income payable in the form of dividends by filing a personal income tax return and paying the tax on a self-assessment basis since the Company should not be recognised as a tax agent for Russian personal income tax purposes and should not be able to withhold the tax.

For Russian personal income tax purposes, the taxation of dividend income to be received by Individual Russian Softline Securityholders pursuant to the Bonus Issuance will also depend on the market value of the SLH Securities. In particular, if the distributable price of the SLH Securities is below their fair market value, this may constitute a taxable event pursuant to the provisions of the Russian Tax Code relating to a material benefit (imputed income) received by individuals. Such difference may be subject to the Russian personal income tax for Individual Russian Softline Securityholders at a progressive scale of rates (13 per cent. and 15 per cent. depending on the total annual income of the individual). Recent amendments to the Russian Tax Code entered into force in March 2022 and introduced a number of tax support measures for Russian individuals providing for the exemption from taxation of income received in the form of a material benefit (imputed income) in 2021-2023.

Dividend distributions such as the Bonus Issuance made from the Company to a Corporate Russian Softline Securityholder should be subject to corporate income tax on the market value of SLH Securities at the dividend income tax rate (at the date of this document, at a rate of 13 per cent.).

3.3 *Holding SLR Shares and SLH Securities on an ongoing basis*

Taxation of dividends

For an Individual Russian Softline Securityholder, dividend income arising from SLR Shares and SLH Securities should be subject to personal income tax at the applicable rates (at the date of this document, the progressive scale of rates is 13 per cent. and 15 per cent.). For Corporate Russian Softline Securityholders, dividend income arising from SLR Shares and SLH Securities should generally be subject to corporate income tax at the applicable rate (at the date of this document, at a rate of 13 per cent.).

For Non-Resident Softline Securityholders, dividend income arising from SLR Shares is subject to withholding tax in Russia at a rate of 15 per cent. (subject to any available DTT relief and the discussion below in “Tax Treaty Procedures and Refund of Tax Withheld”). Either SLR or a Russian depositary should act as a tax agent, i.e. will deduct the withholding tax from the dividend payments and will remit the tax to the Russian tax authorities.

Russian Softline Securityholders and Non-Resident Softline Securityholders should consult their own tax advisers with respect to the tax consequences of the receipt of dividend income in respect of SLR Shares.

Non-Resident Softline Securityholders other than a non-Russian legal entity or organisation that holds SLH Securities through a permanent establishment in Russia, should not be subject to any Russian taxes in respect of dividend paid under SLH Securities. Non-Resident Holders should consult their own tax advisers in respect of the tax consequences of the receipt of dividend income in respect of SLH Securities.

Capital gains – Russian Softline Securityholders

Proceeds from the disposal of SLR Shares and SLH Securities (the **Securities**) should generally be subject to personal income tax at the progressive scale of rates (13 per cent. from individual’s total annual income up to RUB 5 million and 15 per cent. from total annual income over RUB 5 million) less any available deductions

(including the cost of acquisition, expenses related to the acquisition, holding and disposal of these Securities); the respective expenses should be supported by appropriate documents.

However, Individual Russian Softline Securityholders may be exempt from personal income tax if they own SLR Shares for more than five years in a row provided that the respective company's value of immovable property located in Russia (owned by SLR directly and indirectly) does not exceed 50 per cent. of by SLR's assets.

Individual Russian Softline Securityholders should consult their own tax advisers with respect to the tax consequences of gains derived from a disposal of Securities.

Capital gains realised on the disposal of Securities by a Corporate Russian Softline Securityholder should generally be subject to corporate income tax at the applicable 20 per cent. rate at the date of this document. The taxable income of Corporate Russian Softline Securityholders from the disposal of Securities should generally be determined as the sale price of the shares less the cost of acquisition of such shares and expenses incurred by such Corporate Russian Softline Securityholders in relation to the acquisition, holding and sale of Securities (provided that the cost of acquisition and the other expenses can be confirmed by appropriate primary documents).

However, Corporate Russian Softline Securityholders may be exempt from corporate income tax on capital gains if they own SLR Shares for more than five years in a row provided that the respective company's value of immovable property located in Russia (owned by SLR directly and indirectly) does not exceed 50 per cent. of their assets.

Corporate Russian Softline Securityholders should seek their own independent advice as to the calculation of the taxable income from the disposal of Securities and possibility to deduct any cost of their acquisition and expenses incurred in relation to the acquisition, holding and sale of Securities.

Capital gains – Non-Resident Softline Securityholders

Corporate Non-Resident Softline Securityholders should generally not be subject to Russian withholding tax on capital gains arising from the disposal of their Securities if the Securities are considered as marketable securities for Russian tax purposes or if not more than 50 per cent. of the asset of Softline Russia directly or indirectly consists of immovable property located in Russia. However, if (i) Securities are not qualified as marketable securities as defined by the Russian Tax Code, and (ii) more than 50 per cent. of the assets of SLR and SLH consists directly or indirectly of immovable property located in Russia, then the gross proceeds of such disposal less any available deductions arising from the disposal of such Securities will be subject to Russian withholding income tax at a rate of 20 per cent. In such a case, Corporate Non-Resident Softline Securityholders are resident in a jurisdiction which has a DTT in force with Russia, depending on the terms of the respective DTT in some cases the Corporate Non-Resident Softline Securityholders could potentially benefit from exemption from taxation pursuant to the treaty. Corporate Non-Resident Softline Securityholders may apply the benefits stipulated by the relevant DTT if they are entitled to the DTT benefits and the Russian tax documentation requirements are satisfied (including a confirmation of a tax residency as well as of the beneficial ownership of respective shares as defined by the Russian tax law). Such Corporate Non-Resident Softline Securityholders should seek their own professional advice regarding applying for the exemption under the DTT.

An Individual Non-Resident Softline Securityholder generally should not be subject to any Russian taxes on the capital gains realised from a disposal of SLH Securities outside Russia, provided the proceeds of such disposal of SLH Securities are not received from a source within Russia. According to an opinion of the Russian Ministry of Finance such proceeds shall be treated as income received from a source within Russia if the depository or registry, which keep records about transactions resulting in the transfer of ownership of shares, is located in Russia. In the absence of any additional guidance as to what should be considered as a source within Russia, the Russian tax authorities may apply various criteria in order to determine the source of the sale (or other disposal) of the shares, including the place where the transaction was concluded, the location or tax residency of the buyer, the location of the register where the transfer of title to the shares takes place, or other similar criteria. If proceeds from the disposal of SLH Securities are treated as received from a Russian source as discussed above, an Individual Non-

Resident Softline Securityholder generally will be subject to Russian personal income tax at a rate of 30 per cent. in respect of the gross proceeds from such sale, redemption or other disposal less any available deduction of expenses incurred by the Individual Non-Resident Softline Securityholder subject to any available DTT relief.

If the sale (or other disposal) of SLH Securities is made by an Individual Non-Resident Softline Securityholder through a Russian tax agent, Russian personal income tax should be withheld at source by such tax agent (including a licensed broker or an asset manager which carries out operations on behalf of the Individual Non-Resident Softline Securityholder under an asset management agreement, a brokerage service agreement, an agency agreement or a commission agreement). If SLH Securities are not sold through a Russian tax agent, generally no Russian personal income tax should be withheld at source. If an Individual Non-Resident Softline Securityholder does not obtain DTT relief at the time the proceeds from the disposal of SLH Securities are paid to such Softline Securityholder, and income tax is withheld by the Russian payer of such income, the Individual Non-Resident Softline Securityholder generally may apply for a refund within three years from the end of the tax period during which the tax was withheld, as discussed below. However, no assurance could be given that any available DTT relief (or the refund of any taxes withheld) will be available for an Individual Non-Resident Softline Securityholder.

Generally, Individual Non-Resident Softline Securityholders should be subject to Russian personal income tax on their capital gains arising from disposal of SLR Shares. However, an Individual Non-Resident Softline Securityholder should be exempt from Russian withholding tax on capital gains arising from the disposal of their SLR Shares if the SLR Shares are owned by the respective Individual Non-Resident Softline Securityholder for more than five years in a row and if according to SLR's financial statements on the last day of the month preceding the date of disposal the value of immovable property located in Russia (owned by SLR directly and indirectly) does not exceed 50 per cent. of SLR's assets.

Such Individual Non-Resident Softline Securityholders should consult their own professional advisors regarding applying this exemption.

Non-Resident Softline Securityholders should consult their own tax advisers with respect to the tax consequences of the receipt of proceeds from a disposal of Securities and the possibilities of benefiting from any DTT relief to obtain the refund of any taxes withheld.

Tax Treaty Procedures and Refund of Tax Withheld

a) Advance Relief

Provisions of DTTs concluded by Russia with a number of countries may allow for the reduction or elimination of Russian withholding taxes with respect to income or proceeds received by Non-Resident Softline Securityholders from a source within Russia, which would include dividend income or proceeds from the sale, redemption or other disposal of the securities. To the extent DTT relief is available and the Russian Tax Code requirements are met (i.e. the "beneficial ownership" concept and the concept of "tax residency"), a Non-Resident Softline Securityholder must comply with the information, documentation and reporting requirements which are then in force in Russia to obtain such relief.

A Corporate Non-Resident Softline Securityholder which is the beneficial owner of income or proceeds for the purposes of an applicable DTT and the Russian Tax Code must provide the payer of the income or proceeds with a certificate of tax residence issued by the competent tax authority of the relevant treaty country in advance of payment of such income or proceeds in order to obtain relief from Russian withholding taxes under a DTT. This certificate should confirm that the respective Corporate Non-Resident Softline Securityholder is a tax resident of the relevant DTT country in the particular calendar year during which the income or proceeds is paid. This certificate should be apostilled or legalised and needs to be renewed on an annual basis. A notarised Russian translation of the certificate may be required. However, in practice, the payer of the income or proceeds may request additional documents confirming the eligibility of a Corporate Non-Resident Softline Securityholder for the benefits of the DTT. In addition, in order to enjoy benefits under an applicable DTT, the person claiming such

benefits must be the beneficial owner of the relevant income or proceeds according to the requirements of the Russian Tax Code. In addition to a certificate of tax residency, the Russian Tax Code obliges a Corporate Non-Resident Softline Securityholder to provide the tax agent with a confirmation that it is the beneficial owner of the relevant income or proceeds in advance of the payment of such income or proceeds. As of the date of this document, there has been no guidance on the form of such confirmation and it is at the moment unclear how these measures will be applied in practice. Due to, *inter alia*, the introduction of these changes, there can be no assurance that treaty relief at source will be available in practice for non-resident holders, which are either legal entities or individuals.

Currently, in order to obtain a full or partial exemption from taxation in Russia under an applicable DTT at source, an Individual Non-Resident Softline Securityholder must confirm to a tax agent that he or she is a tax resident of a relevant foreign jurisdiction having a DTT with Russia by providing the tax agent with (i) a passport of the foreign resident, or (ii) another document envisaged by an applicable federal law or recognised as a personal identity document of the foreign resident in accordance with an international treaty, and (iii) if such passport/document does not confirm the individual's tax resident status in such foreign country, upon request of the tax agent, an official confirmation issued by the competent authorities evidencing his or her status as a tax resident of the respective country. A notarised Russian translation of such official confirmation is required. The above provisions are intended to provide a tax agent with the opportunity of applying reduced withholding tax rates or exemptions under an applicable DTT at source.

The treaty relief procedure as described above does not apply if dividends are paid in respect of the shares which are registered in special accounts (i.e. foreign nominal holder deposit account, foreign authorised holder deposit account or foreign depositary receipt programme deposit account) opened with a Russian custodian.

In this case, a foreign nominal holder of the above accounts should present tax-related information on an aggregate basis to a Russian custodian acting as the tax agent (the format and the deadlines are established by the Russian Tax Code). Subject to receipt of such information, the Russian custodian can apply Russian withholding tax at the tax rate envisaged by the Russian Tax Code, or as determined by a relevant DTT but not applying any reduced tax rate which is subject to special conditions (percentage of shareholding, threshold of investments to the capital of a Russian legal entity or a holding period) under the relevant DTT (a reduced tax rate that is subject to conditions can only be obtained through a tax refund). However, there can be no assurance that tax relief at source will be available in practice for the holders with respect to dividends paid on the shares, which are held in certain types of accounts with Russian custodians.

Non-Resident Softline Securityholders should consult their own tax advisers with respect to the applicability of tax relief under a DTT and the relevant procedures required in Russia to claim such relief.

b) Refund of Tax Withheld

For a Non-Resident Softline Securityholder which is eligible to a DTT relief, if Russian income tax was withheld at the source on a payment at a rate which is higher than the applicable rate established by a relevant DTT, a claim for refund of such tax is possible within three years from the end of the tax period during which the tax was withheld. To obtain a refund, documentation confirming the right of the recipient of the income to DTT relief is required.

In March 2020, the president of Russia proposed to cancel tax benefits with certain DTT partner countries and increase the withholding income tax rates on dividends to 15 per cent., indicating that Russia is ready to withdraw from DTTs with countries that do not agree with such measures. Russia has since signed amendments to the DTTs with a number of countries (significantly restricting the scope of application of the reduced withholding income tax rate to cases of payments to certain qualifying recipients of income only). Russia unilaterally terminated its DTT with the Netherlands (effective 1 January 2022). It is possible that Russia will also initiate the revision or termination (if no agreement can be reached) of other DTTs.

In 2017, Russia signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (the **MLI**). The MLI entered into force in Russia from 1 January 2021 in respect of withholding income tax in Russia. The MLI establishes additional requirements to apply benefits (such as reduced withholding income tax rates or exemption from taxation) set out by the DTTs. Generally, the MLI provides for prevention of the tax abuse through a general anti-abuse rule on the principal purpose test in relation to a transaction (**PPT**) or a combination of PPT and Simplified Limitation of Benefits (the **S-LOB**) clause, or a detailed Limitation of Benefits clause. Russia selected to apply a combination of PPT and S-LOB as well as a number of additional criteria (e.g. minimum holding period) that would restrict access to DTT benefits. Failure to pass the PPT and/or other additional criteria implemented in the DTT by the MLI would result in the denial of application of the DTT benefits. In this case the distributions on income from Russia would be taxed at standard tax rates set out in the Russian Tax Code. Currently in Russia there is very limited practice as to the application of the MLI and it is hard to foresee how the Russian tax authorities would apply the relevant concepts in practice.

Given the above developments in the Russian and international tax law and practice, no assurance can be given that any reduction of withholding income tax rate on the dividend income provided for in the relevant DTT (or a refund of any tax withheld) will be available to any Non-Resident Softline Securityholders.

4. Cyprus tax considerations

4.1 General considerations

The following is a summary of the Cyprus tax considerations in connection with a bonus issuance which are subject to change, possibly with retroactive effect, and does not discuss any other tax considerations relating to the GDRs, including but not limited to their acquisition, holding or disposal. The information provided below does not purport to be a complete or exhaustive summary of the tax laws and practice currently applicable in Cyprus. Softline Securityholders should consult their own tax advisers as to the consequences, both under the tax law of the country of which they are resident for tax purposes.

For the purposes of this overview, the term “Corporate Cypriot Softline Securityholder” means a Softline Securityholder, resident for tax purposes in Cyprus, that is a company or another similar entity.

A company is considered to be tax resident in Cyprus if its management and control is exercised in Cyprus. There is no definition in the Cyprus income tax laws as to what constitutes “management and control” however in applying the rules, the Cyprus Tax Department (**CTD**) draws influence from traditional definitions of the “place of effective management” as analysed in OECD Commentaries. Based on the definition followed by practice by Cyprus, management and control may be considered to be exercised where the board of directors of a company meets and makes decisions and where the majority of the members of the board of directors are resident among other factors.

From 31 December 2022, companies incorporated or registered in Cyprus which are managed and controlled outside Cyprus will automatically be regarded as tax residents in Cyprus unless they can provide evidence that they are tax resident in another jurisdiction.

For the purposes of this overview, the term “Individual Cypriot Softline Securityholder” means a Softline Securityholder, resident for tax purposes in Cyprus, that is an individual.

(a) Tax residency – for Cyprus Income Tax Law purposes an individual is tax resident if he or she stays in Cyprus for a period or periods exceeding in aggregate 183 days in the tax year. As from 1 January 2017 an individual can be a tax resident of Cyprus even if the individual spends 183 days or less in Cyprus subject to the fulfilment of all the following conditions cumulatively within the same tax year (1 January to 31 December):

- the individual does not spend more than 183 days in any other country;

- the individual is not a tax resident of any other country;
- the individual spends at least 60 days in Cyprus;
- the individual maintains a permanent home in Cyprus that is either owned or rented; and
- the individual carries on a business in Cyprus, is employed in Cyprus or holds an office in a Cyprus tax resident company at any time during the tax year.

If the employment/business or holding of an office is terminated during the year, then the individual would cease to be considered a Cyprus tax resident for that tax year.

Non-resident individuals are taxed on their Cyprus-source income only whilst resident individuals are taxed on worldwide income.

(b) Domicile – in order for the Special Contribution for the Defence of The Republic Law (SCD) to apply, an individual should be a tax resident of Cyprus as described above and also have a Cyprus domicile. Under the provisions of the SCD, a person is considered to be domiciled in Cyprus if his or her domicile of origin is Cypriot with two notable exceptions to the rule:

- A person who has a domicile of choice outside Cyprus provided that he or she has not been a Cyprus tax resident for a period of 20 consecutive years prior to the tax year in which tax residency is taken up;
- A person who was not a Cyprus tax resident for a period of at least 20 consecutive years immediately preceding the effective start date of the SCD (which is 16 July 2015).

Irrespective of domicile of origin, an individual that has been a Cyprus tax resident for at least 17 out of the 20 years prior to the tax year in which tax residency is taken up, should be considered as domiciled in Cyprus. Under the Wills and Succession Law, the domicile of origin is the domicile acquired by a person at birth, while a domicile of choice, is the domicile obtained or maintained by a person through his or her own act, if that is different from his or her domicile of origin. An individual that, under the above tests, is not deemed to have the Cypriot domicile is exempted from the SCD on global dividends, passive interest and rents* received in Cyprus, until such individual is deemed to be domiciled in Cyprus as explained above.

* Rental income sourced in Cyprus is taxed normally under Income tax for tax resident but non-domiciled individuals. It is only exempt from the SCD.

For the purposes of this overview, the term “Cypriot Softline Securityholders” means Corporate Cypriot Softline Securityholders and Individual Cypriot Softline Securityholders.

4.2 *Taxation of the transfer/receipt of Bonus SLH Securities pursuant to the Bonus Issuance*

The dividend income on the transfer/receipt of Bonus SLH Securities pursuant to the Bonus Issuance paid to Participating Softline Securityholders will be taxed as follows.

Dividend income is not subject to corporate income tax in Cyprus provided that such dividend income is not allowed as a tax deduction in the jurisdiction of the foreign paying company.

Dividends distributed to a Cyprus tax resident company from another Cyprus tax resident company should be also exempt from the SCD in Cyprus since the SCD may be imposed in the case of dividends paid indirectly after the lapse of four years from the end of the year in which the profits out of which the said dividends derive, were generated.

The provisions of the deemed dividend distributions are applicable only to the extent where the company's ultimate beneficial owners are Cyprus tax resident, domiciled individuals. If the provisions of deemed dividend distribution are applicable, the interested Softline Securityholders concerned should be assessed accordingly to the SCD on such dividends at the applicable rate of 17 per cent.

Dividend distributions such as the Bonus Issuance made from the Company to a Corporate Cypriot Softline Securityholder should be exempt from any tax in Cyprus. Such dividends distributed by the Company to an Individual Cypriot Softline Securityholder tax resident but not Cyprus domiciled individual should not be subject to any tax in Cyprus. Dividends distributed pursuant to the Bonus Issuance by the Company to an Individual Cypriot Softline Securityholder, who is tax resident and Cyprus domiciled, such Individual Cypriot Softline Securityholders should be subject to tax under the SCD at the rate of 17 per cent. In such a scenario, the Company will need to withhold at source the respective 17 per cent. of SCD and pay it to the Republic of Cyprus on behalf of the resident and domicile Individual Cypriot Softline Securityholder. Moreover, no tax should be imposed on dividend payments pursuant to the Bonus Issuance to Softline Securityholders that are not Cyprus tax residents regardless of their form, domicile or country of residence. As from 31 December 2022, any dividend paid by a Cyprus tax resident company to a recipient entity resident or registered in a jurisdiction included in the European Union's List of non-cooperative jurisdictions for tax purposes will be subject to 17 per cent. withholding tax in the form of the SCD.

4.3 Holding SLH Securities on an ongoing basis

Dividends

A dividend paid by the Company on the SLH Securities should be treated as described in paragraph 4.2 above.

Capital gains

SLH Securities are included in the definition of securities and any gains from their disposal will be exempt from any tax in Cyprus provided that the Company does not own immovable property in Cyprus.

4.4 Obligation to withhold SCD at source on dividend distributions

Dividend distributions such as the Bonus Issuance, made from the Company to Cyprus tax resident and domiciled Individual Cypriot Softline Securityholders, as well as distributions to entities registered or resident in jurisdictions included in the EU List of non-cooperative jurisdictions, are subject to 17 per cent. of SCD. The Company has an obligation to withhold the appropriate level of SCD at source and pay the tax to the Cyprus Tax Authorities on behalf of its affected Softline Securityholders (see further discussion in paragraph 4.2 above).

The non-cash nature of the Bonus Issuance may cause difficulties in withholding the appropriate levels of cash in order for the SCD to be paid. To fulfil this obligation, the Company will have the right to take all necessary steps and measures in cooperation, when required, with the affected Softline Securityholders, to ensure that appropriate levels of cash are available for the payment of the SCD.

4.5 Stamp Duty

Cyprus stamp duty is levied on 'documents' (i.e. written agreements/contracts) relating to assets located in Cyprus and/or matters taking place in Cyprus. Cyprus situated real estate and shares of Cyprus companies are considered to be "property in Cyprus" for the purposes of the Stamp Duty Law.

Stamp duty is calculated on the value of the agreement at 0.15 per cent. for amounts exceeding €5,000 but do not exceed €170,000 and at 0.20 per cent. thereafter with a maximum cap of €20,000 per stampable agreement. The person legally liable to pay such stamp duty (unless otherwise stated on the agreement) is the purchaser. The due date for such stamp duty payment is within 30 days from the day of the 'signing' of a document which is considered to be subject to stamp duty.

It should be noted that transactions that relate to the transfer of securities which are listed on any recognised stock exchange which properly certifies such transactions, are exempt from Stamp Duty.

PART 6

ADDITIONAL INFORMATION

1. Incorporation and registered office

The Company is a company limited by shares incorporated under the laws of the Republic of Cyprus with company number 242943. The registered office of the Company is at Kosta Charaki 11, Flat/Office 302, 3041, Limassol, Cyprus.

2. Major Shareholders

As at the Latest Practicable Date, the Company had been notified of the following voting interests of three per cent. or more in the issued Ordinary Share capital of the Company:

Name of Shareholder	Number of Ordinary Shares	Percentage of issued Ordinary Share capital
SGI Group Limited ⁽¹⁾	101,841,460	55.44
Broadreach Limited	20,366,619	11.10
Da Vinci Funds	16,629,849	9.05
Capital World Investors	10,659,996	5.80

Notes:

(1) A company wholly owned by the Founder.

Save as set out in this paragraph 2, the Company is not aware of any interest (within the meaning of the Disclosure Guidance and Transparency Rules) which will represent three per cent. or more of the voting rights in the Company following completion of the Transaction.

3. Directors of the Company

The Directors of the Company and their positions as at the date of this document are as follows:

Name of Director	Position
Jacques Guers	<i>Independent Non-Executive Chairman</i>
Sergey Chernovolenko	<i>Chief Executive Officer</i>
Roy Harding	<i>Executive Director & VP Strategic Integration</i>
Igor Borovikov	<i>Executive Director</i>
Karl Robb	<i>Senior Independent Non-Executive Director</i>
Marc Kasher	<i>Independent Non-Executive Director</i>

4. Material contracts

4.1 *Softline Group*

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by the Softline Group either: (i) within the period of two years immediately preceding the date of this document which are or may be material to the Softline Group; or (ii) which contain any provisions under

which the Softline Global Group has any obligation or entitlement which is, or may be, material to the Softline Group as at the date of this document, save as disclosed below:

Separation Agreement

The Separation Agreement shall be entered into between the Company and Softline Russia prior to completion of the Transaction to effect the Separation and to govern the post-Separation obligations of the Softline Global Group and the Softline Russia Group in respect of, amongst other things, their respective indemnity obligations.

The Separation Agreement contains customary mutual cross-indemnities under which the Company indemnifies each member of the Softline Russia Group and each of their respective directors, officers and employees against liabilities of any kind arising directly or indirectly from or in consequence of the business carried on by the Softline Global Group, and Softline Russia indemnifies each member of the Softline Global Group and each of their respective directors, officers and employees against liabilities of any kind arising directly or indirectly from or in consequence of the business carried on by the Softline Russia Group. The only exception to these indemnities are where either party would be entitled to otherwise claim from the other under another provision of the Separation Agreement or the Transitional Services Agreement (as defined in the Separation Agreement). The liability of the Company and Softline Russia under these mutual cross-indemnities shall terminate one year following completion of the Separation. These mutual cross-indemnities are unlimited in terms of amount.

The Separation Agreement also provides that, except pursuant to other provisions of the Separation Agreement or the Transitional Services Agreement, no member of the Softline Global Group shall owe any inter-company indebtedness to any member of the Softline Russia Group, and vice versa. Any such claim for indebtedness made after completion of the Separation shall be indemnified by the Company or Softline Russia, as applicable.

Under the Separation Agreement, each member of the Softline Global Group and the Softline Russia Group is responsible for its own taxes, and each of the Company and Softline Russia indemnifies the other in respect of any loss suffered by a member of the Softline Russia Group or a member of the Softline Global Group, respectively, as a result of a failure by a member of the Softline Global Group and the Softline Russia Group (as applicable) to discharge any taxes for which it is primarily liable.

The Separation Agreement also sets out how, following the Separation, assets or contractual arrangements which relate exclusively to the business of the Softline Global Group or the Softline Russia Group, but which are still held by the other, will be transferred. The Separation Agreement contains a covenant not to sue, whereby Softline Russia covenants that no member of the Softline Russia Group will bring a claim against any member of the Softline Global Group in respect of the latter's use of any intellectual property rights owned by Softline Russia and used by any member of the Softline Global Group on or before the date of the Separation Agreement.

The parties have agreed that upon completion of the Separation, there will be an outstanding loan between Softline Russia (as lender) and the Company (as borrower) of USD20 million, which shall be repaid by the Company to Softline Russia on 31 December 2023. The Separation Agreement also provides for how insurance claims will be dealt with and how the Company and Softline Russia will store and use data relating to the other.

The parties have also agreed that Softline Russia, until the Company no longer holds any shares in Softline Russia, shall provide the Company with any such information as may be reasonably requested by the Company to, amongst other things, meet its financial reporting requirements and comply with any requirements of any securities exchange or regulatory or governmental body to which it is subject.

Transitional Services Agreement

Prior to completion of the Transaction, the Softline Global Group will enter into a Transitional Services Agreement with the Softline Russia Group under which the Softline Russia Group will provide or procure the provision of certain transitional services to the Softline Global Group for an agreed term following completion of the Transaction. The Transitional Services Agreement will continue until the date that the last service term expires (12 months following completion of the Transaction, subject to any extension as described below). The charges for the services to be provided under the Transitional Services Agreement shall be paid at cost plus 3 per cent. and will be paid in full up-front. The Transitional Services Agreement will provide for any relevant refunds as a result. The services that are to be provided under the Transitional Services Agreement (the **Services**) include corporate IT, human resources, logistics, sales, legal, corporate finance processes and enterprise security.

Softline Russia Group must use all reasonable endeavours to procure and maintain all third party consents required for it to be able to provide or procure the provision of the Services, in the manner in which they were provided to the Softline Global Group immediately prior to the separation. Softline Global Group will be required to provide such assistance as Softline Russia Group may reasonably request in connection with obtaining such consents. In addition, Softline Russia Group must use all reasonable endeavours to provide the Services to materially the same standard and in materially the same manner as equivalent services were provided by Softline Russia Group to Softline Global Group immediately prior to the Transaction.

The Transitional Services Agreement includes a customary framework on limitations and exclusions of liability. Each party's total aggregate liability to the other is limited to the sum equal to 20 per cent. of the total charges under the Transitional Services Agreement.

Material Financing Agreements

The Company will retain guarantees in respect of Softline Russia's credit line agreement with Raiffeisenbank (as described further below) and the outstanding bonds issued by Softline Russia (as described further below) until their maturity at the end of 2023 following which they will not be renewed.

- Credit line with Raiffeisenbank, in the total amount of RUB 0.8 billion and with an interest rate equal to either the internal bank interest rate (not exceeding MosPrime1M + 8 per cent. per annum), or MosPrime1M + individual interest rate not exceeding 3.5 per cent. per annum, or internal bank interest rate (not exceeding MosPrime6M + 10 per cent. per annum). The agreement is valid until 30 December 2022. The loan tranche term is from one month up to nine months;
- On 23 April 2020, Softline Russia issued 1,350,000 Rouble-denominated bonds with a nominal value of RUB 1,000 and coupon interest rate of 11 per cent. per annum and contractual maturity in 2023 in order to attract additional long-term borrowings.
- On 20 October 2020, the Softline Group issued exchange-traded bonds in the amount of RUB 4.95 billion for a period of three years and two months. The final coupon rate was set at 8.9 per cent. per annum.

These guarantees are subject to the indemnities and protections set out in the Separation Agreement.

5. Documents available for inspection

Copies of the following documents will be available for inspection on the Company's website (www.softline.com/investors) where Softline Securityholders can follow instructions on how to access

such documents, from the date of this document up to and including the date of the General Meeting and for the duration of the General Meeting:

- (a) the Articles of Association;
- (b) a copy of the Notice of General Meeting;
- (c) a copy of the Form of Proxy;
- (d) the audited consolidated financial statements of the Company for each of the financial years ended 31 March 2022, 31 March 2021 and 31 March 2020;
- (e) the audited standalone financial statements of the Company for the financial year ended 31 March 2022, together with the Company's directors' and auditors' reports thereon; and
- (f) this document.

PART 7

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

Articles of Association	the Company's articles of association
Board	the board of directors of the Company
Bonus Issuance	the Bonus SLH Securities to be issued pursuant to Ordinary Resolution 2 as set out in the Notice of General Meeting
Bonus Issuance Record Time	the record time for determining entitlement to the Bonus Issuance
Bonus SLH Securities	additional SLH Securities issued to Participating Softline Securityholders
Clearing Systems	Euroclear and Clearstream, and Clearing System means any one of these
Clearstream	Clearstream Banking, Société Anonyme
Companies Law	the Cypriot Companies Law, Cap. 113 of the Laws of Cyprus, as amended
Company or Softline	Softline Holding PLC, a company registered in Cyprus with registered number 242943 and its registered office at Kosta Charaki 11, Office 302 3041 Limassol, Cyprus
Cyprus	the Republic of Cyprus
Depository	The Bank of New York Mellon, as depository with respect to the GDRs
Directors	the directors of the Company whose names appear on page 11 of this document
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules made by the FCA under section 73A of FSMA, as amended from time to time
Eligible Participant	a direct or indirect participant of a Clearing System
Euroclear	Euroclear Bank S.A./N.V.
FCA or Financial Conduct Authority	the UK Financial Conduct Authority
Form of Proxy	the personalised Form of Proxy accompanying this document
Founder	the original founder of the Softline Group, Mr Igor Borovikov
FSMA	the Financial Services and Markets Act 2000, as amended from time to time
GDR Holders	holders of GDRs
GDRs	global depository receipts, each representing an interest in one Ordinary Share

General Meeting		the extraordinary general meeting of the Company to be convened in connection with the Bonus Issuance, notice of which accompanies this document, including any adjournment of it
Ineligible Securityholders	Softline	Softline Securityholders who are Sanctioned Persons or who are unable under applicable laws (including Sanctions) to receive Bonus SLH Securities by way of the Bonus Issuance
IPO Prospectus		Softline's prospectus dated 27 October 2021 in connection with its initial public offering of GDRs
Latest Practicable Date		6 October 2022 (being the last practicable date before publication of this document)
Long-Term Partnership Programme	Employee	the long-term employee partnership programme relating to the Company and/or SLR
Listing Rules		the listing rules made by the FCA under section 73A of FSMA (as amended from time to time)
LSE		the London Stock Exchange plc
LSE GDRs		GDRs traded on the LSE and held through Clearstream or Euroclear (and not NSD)
Market Abuse Regulation		Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, and any implementing legislation, in each case as it forms part of retained EU law as defined in the European Union (Withdrawal) Act 2018, as amended from time to time
MoEX		the Moscow Exchange
MoEX GDRs		GDRs traded on MoEX and held through the National Settlement Depository
National Depository or NSD	Settlement	the National Settlement Depository of Russia
Notice of General Meeting		the notice of extraordinary general meeting contained in Part 8 (Notice of General Meeting) of this document
Ordinary Shares		the ordinary shares in the share capital of the Company
Ordinary Shareholders		holders of Ordinary Shares
Participating Securityholders	Softline	Softline Securityholders receiving Bonus SLH Securities by way of the Bonus Issuance
Pro-Forma Information	Financial	has the meaning given in Part 4 (Unaudited Pro Forma Statement of Net Assets of the Softline Global Group) of this document
Register		the register of members of the Company

Resolutions	the resolutions to be proposed and considered at the General Meeting to approve the Transaction, as set out in the Notice of General Meeting
Russia	the Russian Federation
Russian Tax Code	the Tax Code of the Russian Federation (Part 1 dated 31 July 1998 No. 146-FZ and Part 2 dated 5 August 2000 No. 117-FZ, in each case as amended from time to time)
Sanctioned Person	a person or entity that is from time to time (i) listed or referred to on, or owned or controlled by a person or entity listed or referred to on, or acting on behalf or at the direction of a person or entity listed or referred to on, any Sanctions List; (ii) located in, incorporated under the laws of, or acting on behalf of a person or entity located in or organised under the laws of, any country or territory that is or has been the target of and/or subject to any comprehensive country- or territory-wide Sanctions; or (iii) otherwise a target of Sanctions
Sanctions	the economic, financial and trade embargoes and sanctions laws, regulations, rules and/or restrictive measures administered, enacted or enforced by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, any other U.S. government entity, the United Nations Security Council, any United Nations Security Council Sanctions Committee, the European Union, any Member State of the European Union, the United Kingdom and/or any other applicable government, public or regulatory authority or body (including but not limited to HM Treasury) from time to time
Sanctions List	the "Specially Designated Nationals and Blocked Persons" list maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Consolidated List of Persons and Entities subject to Financial Sanctions maintained by the European Commission, the Consolidated List of Financial Sanctions Targets in the UK maintained by HM Treasury, or any similar list maintained by, or public announcement of Sanctions designation made by, the United States Department of State or any other U.S. government entity, the United Nations Security Council, any United Nations Security Council Sanctions Committee, the European Union, any Member State of the European Union, the United Kingdom and/or any other applicable government, public or regulatory authority or body (including but not limited to HM Treasury), in each case, as amended, supplemented or replaced from time to time
Separation	the separation of the Softline Group's Russian business from the Softline Group by way of the sale to the Founder (or an entity controlled by the Founder), for a consideration of USD1 and a waiver of the entitlement of the Founder and of SGI Limited (an entity controlled by the Founder and which is the largest shareholder in the Company) to the Bonus SLH Securities
Separation Agreement	the separation agreement to be entered into between Softline Russia and Softline Global prior to completion of the Transaction
Shareholders	registered holders of Ordinary Shares

SLH Securities	Ordinary Shares in the Company or GDRs
SLH Options	Options to acquire an Ordinary Share in the Company pursuant to the SOP
SLR or Softline Russia	JSC Softline Trade
SLR Options	Options to acquire one SLR Share pursuant to the restructured SOP
SLR Shares	ordinary shares in Softline Russia
Softline Global	means the Company, as holding company for the Softline Global Group, with effect from completion of the Transaction
Softline Global Group	the Company and its subsidiaries with effect from completion of the Transaction (and for the avoidance of doubt, excluding the Softline Russia Group)
Softline Group	the Company and its subsidiaries immediately before completion of the Transaction
Softline Russia Group	Softline Russia and its subsidiaries (with effect from completion of the Transaction)
Softline Securityholder	a Shareholder or a GDR Holder, as the case may be
SOP	the Company share option plan
Transaction	the Separation and Bonus Issuance
Transitional Services Agreement	the transitional services agreement to be entered into between Softline Russia and Softline Global prior to completion of the Transaction
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Person	(i) a United Kingdom national as defined in s. 21 of the Sanctions and Anti-Money Laundering Act 2018, or a body incorporated or constituted under the law of any part of the United Kingdom, and (ii) any person in relation to conduct in the United Kingdom or in its territorial sea
Voting Record Time	the record time for determining entitlement to attend and vote at the General Meeting
Weybridge	Weybridge Partners Limited

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension of it.

For the purpose of this document, “subsidiary” has the meaning given by the Companies Law.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

PART 8

NOTICE OF GENERAL MEETING

SOFTLINE HOLDING PLC

(incorporated in the Republic of Cyprus with registration number 242943)

Notice is hereby given that an extraordinary general meeting of Softline Holding PLC (the **Company**) will be held on 25 October 2022 at 11:30 a.m. Cyprus time at the Parklane hotel, 11 Giannou Kranidioti Street, Limassol, Cyprus, 4534 (the **General Meeting**) for the purpose of considering and, if thought fit, passing the following resolutions.

1. Ordinary Resolution 1

THAT:

The standalone financial statements for the Company for the financial year ended 31 March 2022, together with the Company's directors' and auditors' reports thereon, which have been laid before the Company's members both before and during this General Meeting, be and are hereby approved by the Company's members.

2. Ordinary Resolution 2

THAT:

(a) Subject to, inter alia, Regulations 128 and 129 of the Articles of Association,

and

subject to the Company's members' approval of the standalone financial statements for the Company for the financial year ended 31 March 2022, together with the Company's directors' and auditors' reports thereon,

and

following the recommendation of the directors of the Company (the **Directors**) in connection with the proposed separation and disposal of JSC Softline Russia (**Softline Russia**) from the Company's Group (the **Separation**), and in line with Regulation 128 of the Articles of Association,

the Company issue and allot up to 111,428,073 ordinary shares of the Company, each having a nominal value of USD0.00023647, each deemed to carry a premium of USD0.09575293, and each credited as fully paid, (the **Bonus Shares**), to those parties appearing, at such time and date as the Directors may have determined or may determine (the **Relevant Time**), in the Company's register of members as holders of fully paid-up ordinary shares of the Company (**SLH Ordinary Shares**) (each such holder being a **Participating Shareholder**):

Provided that the issuing of Bonus Shares will occur for nil consideration and at the ratio of 0.6066 Bonus Share for each SLH Ordinary Share held by a Participating Shareholder at the Relevant Time.

Provided further that each relevant party's aggregate entitlement to Bonus Shares shall be rounded down to the nearest whole number of Bonus Shares.

Provided lastly that any Participating Shareholder may waive its right to receive Bonus Shares by a waiver that must be in writing and which must have been communicated to the Company prior to this Ordinary Resolution 2's approval by the Company's members.

- (b) For the purposes of implementing paragraph (a) of this Ordinary Resolution 2, an amount of up to USD10,695,914 out of the distributable reserves of the Company be capitalised. The final amount which will be so capitalised will ultimately be determined by the Directors and shall be equal to the amount derived from the following formula " $USD10,695,914 - [A * (B+C)]$ " where "A" shall equal the number of Bonus Shares that end up being allotted to Participating Shareholders, "B" shall equal USD0.00023647 and "C" shall equal USD0.09575293. Of the amount capitalised, the portion corresponding to the nominal value of the Bonus Shares that end up being allotted to Participating Shareholders shall be transferred to the "Share capital" account of the Company and the rest shall be transferred to the "Share premium" account of the Company.
- (c) Each and any of the Directors be and is hereby authorised to conclude and implement this Ordinary Resolution 2 and to do or procure to be done all such acts and things on behalf of the Company and each of its subsidiaries as such Director(s) may, in their absolute discretion, consider necessary or expedient for the purpose of giving effect to this Ordinary Resolution 2 (including, without limitation, satisfying any requirements arising from Section 51 or any other provision of Cyprus' Companies Law, Cap. 113), with such amendments, modifications, variations or revisions thereto as are determined by the Directors not to be of a material nature in the context of this Ordinary Resolution 2. Without limitation to the generality of the preceding sentence, and in accordance with Regulation 129 of the Articles of Association, each and any of the Directors is hereby authorised to authorise any person to act for any of the purposes set out in that part of Regulation 129 which begins with the words "and also to authorise any person" and ends at the end of Regulation 129.
- (d) The authorities provided to the Directors pursuant to this Ordinary Resolution 2 shall expire at the end of 30 September 2024.

By order of the Board of Directors of the Company

Ionic Secretaries Limited
Company Secretary

7 October 2022

Registered office: 11, Kosta Charaki, Office 302, 3041 Limassol, Cyprus

NOTES

1. RECORD TIME

Subject to the Articles of Association, shareholders registered in the register of members of the Company as at 11:30 a.m. Cyprus time on 23 October 2022 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting) (the **Record Time**) shall be entitled to attend and vote at the General Meeting in respect of the shares registered in their name at the Record Time. Changes to entries on the register of members after the Record Time will be disregarded in determining the rights of any person to attend and vote at the General Meeting.

2. PROXIES

A member of the Company who is entitled to attend and vote at the General Meeting of the Company is entitled to appoint another person (who need not be a member of the Company) to attend and/or speak and/or vote on the member's behalf at the General Meeting.

A Form of Proxy is enclosed with this Notice. Completion of the Form of Proxy will not prevent a member from subsequently attending and voting at the General Meeting in person if they so wish. The duly completed Form of Proxy, and any power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of any such power of attorney or other authority), must be received by post (to 11, Kosta Charaki, Office 302, 3041 Limassol, Cyprus) or (during normal business hours only) by courier service or by hand at 11, Kosta Charaki, Office 302, 3041 Limassol, Cyprus by no later than 11:30 a.m. Cyprus time on 23 October 2022, being 48 hours prior to the time set for the General Meeting. We request that you also send a scanned copy to IR@softline.com.

3. CORPORATE REPRESENTATIVES

Subject to Regulation 78 of the Articles of Association, a corporate shareholder may authorise such person as it thinks fit to act as its representative at the General Meeting.

4. TOTAL VOTING RIGHTS

Subject to the Articles of Association, holders of the Company's ordinary shares are entitled to attend and vote at general meetings of the Company, with each ordinary share entitling the holder thereof to one vote on a poll. As at 6 October 2022, being the latest practicable date prior to the publication of this Notice, the Company's issued share capital consisted of 183,692,834 ordinary shares, meaning that at the time just mentioned the total voting rights in the Company stood at 183,692,834.

5. VOTING AT THE GENERAL MEETING

In accordance with Regulation 61 of the Articles of Association, each of the resolutions to be put to the General Meeting will be voted on by way of a poll. Any shareholder who is entitled to attend and vote at the General Meeting or its duly appointed proxy or, in the case of corporate shareholders, its duly appointed representative, may speak and/or submit questions. The results of the poll will be notified to the market in the usual way and published on the Company's website after the meeting.

6. INFORMATION AVAILABLE ON THE WEBSITE

All the documents in relation to the General Meeting consisting of the following can be found at <https://softline.com/investor-relations>:

- the Circular;

- a copy of this Notice of General Meeting;
- a copy of the Form of Proxy; and
- the standalone financial statements for the Company for the financial year ended 31 March 2022, together with the Company's directors' and auditors' reports thereon. The documents referred to in this bullet point are also available, in hard copy and free of charge, both at the registered office of the Company (address: 11, Kosta Charaki, Office 302, 3041 Limassol, Cyprus, phone: +44 2045771222 or email: IR@softline.com) and will also be available, again in hard copy and free of charge, at the General Meeting itself.

7. ELECTRONIC ADDRESS

Please note that shareholders may not use any electronic address provided in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated herein.

8. RECIPIENTS

This Notice is deemed to be given to all registered shareholders of the Company as at the date of this Notice, the board of directors of the Company and the auditors of the Company.

FORM OF PROXY

[Name and address of shareholder]

To the Directors of:

Softline Holding PLC (the **Company**),

11, Kosta Charaki,

Office 302, 3041 Limassol,

Cyprus

[DATE]

Dear Sirs,

AUTHORISATION OF PROXY / CORPORATE REPRESENTATIVE

I / we, the undersigned, [name of shareholder], being a member / shareholder of Softline Holding PLC holding [.....] ordinary shares of the Company, hereby appoint [Mr Igor Borovikov, of Softline Holding PLC, 11, Kosta Charaki, Office 302, 3041 Limassol, Cyprus], or failing [him/her], [.....] of [.....] as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at the Parklane hotel, 11 Giannou Kranidioti Street, Limassol, Cyprus, 4534 on 25 October 2022, at 11:30 a.m. and at any adjournment thereof. This Form of Proxy shall be used in accordance with the instructions which follow below.

Note 1: Unless otherwise directed in the table below, the proxy may vote as the proxy thinks fit.

Note 2: A member entitled to more than one vote need not (i) use all of the member's votes or (ii) cast all the votes the member uses in the same way. Hence the indications "Number of votes to be cast For", "Number of votes to be cast Against" and "Number of votes to be withheld" in the table below.

I/We direct my/our vote as indicated below in respect of the resolutions which are referred to in the Notice of General Meeting:				
No.	Resolutions	Number of votes to be cast FOR	Number of votes to be cast AGAINST	Number of votes to be WITHHELD

1.	Ordinary Resolution 1			
2.	Ordinary Resolution 2			

[Director/Secretary]

[Name of shareholder]

Date: _____

In order to attend and exercise their voting rights, members must be entered into the register of members of the Company as at 11:30 a.m. Cyprus time on 23 October 2022 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting) (the **Record Time**), in which case, subject to the Company's Articles of Association, the relevant members shall be entitled to attend and vote at the General Meeting in respect of the shares registered in their name at the Record Time. Changes to entries on the register of members after the Record Time will be disregarded in determining the rights of any person to attend and vote at the General Meeting.

A member of the Company who is entitled to attend and vote at the General Meeting of the Company is entitled to appoint another person (who need not be a member of the Company) to attend and/or speak and/or vote on the member's behalf at the General Meeting.

Completion of this Form of Proxy will not prevent a member from subsequently attending and voting at the General Meeting in person if they so wish. The duly completed Form of Proxy, and any power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of any such power of attorney or other authority), must be received by post (to 11, Kosta Charaki, Office 302, 3041 Limassol, Cyprus) or (during normal business hours only) by courier service or by hand at 11, Kosta Charaki, Office 302, 3041 Limassol, Cyprus by no later than 11:30 a.m. Cyprus time on 23 October 2022, being 48 hours prior to the time set for the General Meeting. We request that you also send a scanned copy to IR@soffline.com.