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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

7 December 2023

RECOMMENDED CASH ACQUISITION

of

Smart Metering Systems plc (“SMS”)
by

Sienna Bidco Limited (“Bidco”)
a newly formed company wholly-owned by funds advised by Kohlberg Kravis Roberts & Co. L.P. and its affiliates

to be effected by means of a scheme of arrangement
under Part 26 of the UK Companies Act 2006

Summary

- The boards of SMS and Bidco are pleased to announce that they have reached agreement on the terms of a recommended all cash acquisition of the entire issued and to be issued ordinary share capital of SMS by Bidco. The Acquisition is to be effected by means of a scheme of arrangement under Part 26 of the Companies Act.
- Under the terms of the Acquisition, each SMS Shareholder shall be entitled to receive:

for each SMS Share	955 pence in cash
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- The Acquisition Price represents an attractive premium of approximately:
 - 40.4 per cent. to the Closing Price of 680 pence per SMS Share on 6 December 2023 (being the last Business Day prior to the date of this Announcement and the commencement of the Offer Period) (the “**Latest Practicable Date**”);
 - 50.7 per cent. to the three-month Volume Weighted Average Price of 634 pence per SMS Share on the Latest Practicable Date; and
 - 43.8 per cent. to the six-month Volume Weighted Average Price of 664 pence per SMS Share on the Latest Practicable Date.
- The Acquisition values the entire issued and to be issued ordinary share capital of SMS at approximately £1.3 billion on a fully diluted basis, and this implies an enterprise value of approximately £1.4 billion.
- The Acquisition values SMS at an EV / EBITDA multiple of 20.0x (calculated based on LTM Pre-exceptional EBITDA of £71 million as of June 2023).
- SMS Shareholders will be entitled to receive and retain the Second FY 2023 Dividend Instalment of 8.31875 pence per SMS Share as announced by SMS on 12 September 2023, which is expected to be paid on 25 January 2024 to those SMS Shareholders who appear on the register of members of the Company on 5 January 2024.
- If any other dividend or distribution is announced, declared, made or paid in respect of SMS Shares on or after the date of this Announcement (including the Third and Fourth FY 2023 Dividend Instalments), Bidco reserves the right to reduce the Acquisition Price by the amount of such dividend or other distribution, except where the SMS Shares are or will be acquired pursuant to the Scheme on a basis which entitles Bidco to receive such dividend or other distribution and retain it. If Bidco exercised this right or made such a reduction in respect of a dividend or other distribution, SMS Shareholders would be entitled to retain that dividend or

other distribution and any reference in this Announcement to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced.

Transaction overview

- All-cash acquisition of SMS by Bidco, intended to be recommended unanimously by the SMS Board.
- The offer price represents a significant premium to the current share price and allows shareholders to realise immediate and attractive value for their shareholding.
- KKR believes that SMS is a business of high quality, with a best-in-class management team and long-term, contracted and inflation-protected cashflow streams. The business has the potential to substantially contribute to and enable the energy transition. SMS represents an established smart meters platform with a growing capability in grid-scale battery storage assets and other carbon reduction activities, and is expected to play a leading role to support the UK Government's ambition to be net zero by 2050.
- KKR believes that SMS, under private ownership, will be able to accelerate its growth and continued transition from a metering provider and grid-scale battery storage operator to a fully integrated, end-to-end energy infrastructure company which owns, installs and manages carbon reduction assets.
- The SMS Group has a large and attractive pipeline of broader opportunities including the ongoing Battery Energy Storage Systems ("**BESS**") rollout, together with the development of wider carbon reduction ("**CaRe**") products. The size of these opportunities and the capital that would be required to maximise the return on those opportunities is substantial. The SMS Group may not be able to fully capitalise on these opportunities with internally-generated cash flows, additional debt facilities or asset recycling alone. A private setting will enable SMS to operate in a way which is not capital constrained, and which facilitates the investment needed to fully realise the growth opportunity presented by the UK's energy transition.
- KKR's operational capability, partnership approach and extensive experience with investing behind the energy transition will enable it to be a strong partner to SMS as it progresses through its next phase of development, particularly in terms of flexible access to long term competitive capital.

SMS recommendation

- The SMS Directors, who have been so advised by Investec and RBC as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing their advice to the SMS Directors, Investec and RBC have taken into account the commercial assessments of the SMS Directors. Investec is providing independent financial advice to the SMS Directors for the purposes of Rule 3 of the Takeover Code.
- Accordingly, the SMS Directors intend to recommend unanimously that SMS Shareholders vote in favour of the Scheme at the Court Meeting and that SMS Shareholders vote in favour of the Special Resolutions to be proposed at the SMS General Meeting (or, if Bidco, with the consent of the Panel, subsequently structures the Acquisition as a Takeover Offer, to accept any Takeover Offer made by Bidco in accordance with the terms of the irrevocable undertaking), as the SMS Directors who hold interests in SMS Shares have irrevocably undertaken to do in respect of their own legal and/or beneficial holdings which are under their control of 141,341 SMS Shares, in aggregate, representing approximately 0.1 per cent. of SMS's issued ordinary share capital on the Latest Practicable Date, as detailed in Appendix III to this Announcement.

Information on the SMS Group

- SMS was incorporated in Scotland in October 2009 and the SMS Shares were admitted to trading on AIM on 8 July 2011.
- SMS is a fully integrated energy infrastructure company owning and managing meter assets, energy data, grid-scale batteries and other carbon reduction (CaRe) assets. The group manages and optimises these assets through its in-house technology and data analytical platform "METIS".

- Established in 1995, SMS provides a full end-to-end service in metering and other carbon reduction assets, from funding and installation to management and maintenance, with a highly skilled workforce, deep engineering expertise and well-established industrial partnerships.
- Since its IPO, SMS has grown to become one of the UK leaders in smart energy assets and related data services. SMS provides a fully-integrated offering, as an end-to-end installer, owner and operator of smart energy assets, including smart meters, grid-scale battery storage systems, electric vehicle chargers and other behind the meter assets such as solar, storage and heat pumps. Its solutions are widely used across a number of settings, primarily industrial, commercial and public sectors, and the wider domestic market.
- SMS is one of the leaders in the low carbon, smart energy revolution in the UK and is committed to reducing its own carbon emissions to net zero by 2030. SMS has been recognised with the London Stock Exchange's Green Economy Mark every year since it was introduced in 2019.
- SMS is headquartered in Glasgow with a presence across over eight locations. SMS is quoted on AIM.
- SMS employs approximately 1,500 people, primarily in the UK, and for the financial year ended 31 December 2022, SMS reported Pre-exceptional EBITDA of £63.8 million and Underlying Profit Before Tax of £24.5 million. At 31 December 2022 SMS had index-linked annualised recurring revenue (ILARR) of £97.1 million.
- At 30 June 2023 SMS reported ILARR of £110.0 million. For the six month period ended 30 June 2023, SMS reported Pre-exceptional EBITDA of £36.1 million and Underlying Profit Before Tax of £11.2 million.

Information on Bidco and KKR

- Bidco is a newly formed company indirectly wholly-owned by funds advised by KKR. KKR is a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions, with approximately US\$528 billion in assets under management as of 30 September 2023. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities.
- KKR has significant experience and deep roots in infrastructure investing. KKR established its Global Infrastructure strategy in 2008 and has since been one of the most active infrastructure investors around the world, with a team of over 115 individuals, including more than 90 investment professionals and over 25 additional value-creation executives that are fully dedicated to Infrastructure. The firm has made over 80 infrastructure investments spanning the globe across various sectors including renewables, utilities, midstream, transportation, water and communications. Its portfolio companies have assets across many geographies, including the US, Canada, Mexico, Germany, France, Spain, and the UK, amongst others.
- KKR will invest in the Acquisition largely through KKR Global Infrastructure Investors IV, a US\$17 billion fund focused on critical infrastructure investments with low volatility and strong downside protection where KKR believes it can achieve attractive risk-adjusted returns by leveraging its experienced team, risk-based strategy, long track record of operational value creation, and global network of industry experts.

Timetable and Conditions

- The Acquisition will be put to SMS Shareholders at the Court Meeting and at the SMS General Meeting. The Court Meeting and the SMS General Meeting are required to enable SMS Shareholders to consider and, if thought fit, vote in favour of the Scheme and the resolutions to approve and implement the Scheme. In order to become Effective, the Scheme must be approved by a majority in number of the SMS Shareholders present, entitled to vote and voting at the Court Meeting, either in person or by proxy, representing at least 75 per cent. in value of the SMS Shares voted. In addition, Special Resolutions approving and implementing the Scheme must be passed by SMS Shareholders representing at least 75 per cent. of votes cast at the SMS General Meeting.

- The Acquisition will be subject to the Conditions and further terms set out in Appendix I to this Announcement. It is expected that the Scheme will become Effective in Q1 2024.
- Bidco will work with SMS to engage constructively with all relevant stakeholders to satisfy these Conditions.
- The Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and the SMS General Meeting, together with the forms of proxy, is expected to be published within 28 days of the date of this Announcement (unless otherwise agreed by the Panel, Bidco and SMS).

Commenting on the Acquisition, Tim Mortlock, Chief Executive Officer of SMS, said:

“KKR’s offer recognises the strength and resilience of our model and will ensure SMS has the necessary capital to accelerate and unlock its full growth potential. The offer price represents a significant premium to the current share price and allows shareholders to realise immediate and attractive value for their shareholding.”

Commenting on the Acquisition, Tara Davies, Partner and Co-Head of European Infrastructure at KKR, said:

“SMS has a strong asset base and a clear strategy across different business lines which are critical enablers of the UK’s Net Zero goals, and we share the team’s vision of putting SMS at the heart of the UK’s energy transition. Achieving this growth opportunity requires significant capital of a scale, flexibility and certainty which is best facilitated in the private markets. KKR is a major investor in UK infrastructure and behind the energy transition, and we will bring our expertise and operational resources to bear in supporting SMS to invest at the level required and successfully scale its business over the long-term.”

This summary should be read in conjunction with, and is subject to, the full text of this Announcement. The Acquisition shall be subject to the Conditions and further terms set out in Appendix I to this Announcement and to the full terms and conditions which shall be set out in the Scheme Document. Appendix II to this Announcement contains the sources of information and bases of calculations of certain information contained in this summary and the Announcement, Appendix III contains a summary of the irrevocable undertakings received in relation to this Acquisition and Appendix IV contains definitions of certain expressions used in this summary and in this Announcement.

This Announcement is being made on behalf of SMS by Craig McGinn, Group Company Secretary.

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Hogan Lovells International LLP is acting as legal adviser to SMS in connection with the Acquisition. Simpson Thacher & Bartlett LLP is acting as legal adviser to KKR and Bidco. Burness Paull LLP are providing legal advice to SMS as to Scottish law.

Important Notices

RBC Europe Limited (trading as RBC Capital Markets), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting for SMS and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than SMS for providing the protections afforded to clients of RBC Capital Markets, or for providing advice in connection with matters referred to in this announcement.

Investec, which is authorised by the Prudential Regulation Authority (the "PRA") and regulated by the Financial Conduct Authority and PRA in the United Kingdom, is acting exclusively as financial adviser to SMS and for no one else in connection with the Offer and will not be responsible to any person other than SMS for providing the protections afforded to clients of Investec, nor for providing advice in relation to the Offer, the content of this announcement or any matter referred to in this announcement. Neither Investec nor any of its subsidiaries, branches or 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 who is not a client of Investec in connection with this announcement, any statement contained herein or otherwise.

Cavendish Securities, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for SMS and no one else in connection with the subject matter of this Announcement and will not be responsible to anyone other than SMS for providing the protections afforded to clients of Cavendish Securities or for providing advice in relation to the subject matter of this Announcement, the contents of this Announcement and any other matters referred to in this Announcement.

Morgan Stanley & Co. International plc ("**Morgan Stanley**") which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK is acting as financial adviser exclusively for KKR and no one else in connection with the matters set out in this announcement. In connection with such matters, Morgan Stanley, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in connection with the contents of this announcement or any other matter referred to herein.

Macquarie Capital (Europe) Limited ("**Macquarie Capital**") which is regulated by the Financial Conduct Authority in the UK is acting as financial adviser exclusively for KKR and no one else in connection with the matters set out in this announcement. In connection with such matters, Macquarie Capital, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in connection with the contents of this announcement or any other matter referred to herein. Macquarie Capital (Europe) Limited is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia), and its obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Any investments are subject to investment risk including possible delays in repayment and loss of income and principal invested. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Capital (Europe) Limited.

Further Information

This Announcement is for information purposes only and does not constitute or form any part of an offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of an offer to buy any securities, pursuant to the Acquisition or otherwise. The Acquisition shall be made solely by means of the Scheme Document (or, if, with the consent of the Panel, the Acquisition is implemented by way of a Takeover Offer, any document by which the Acquisition is made) which, together with the Forms of Proxy (or forms of acceptance), shall contain the full terms and Conditions of the Acquisition, including details of how to vote in respect of the Acquisition. SMS Shareholders are strongly advised to read the formal documentation in relation to the Acquisition once it has been despatched. Each SMS Shareholder is urged to consult its independent professional adviser immediately regarding the tax consequences to it (or its beneficial owners) of the Acquisition.

The statements contained in this Announcement are made as at the date of this Announcement, unless some other time is specified in relation to them, and publication of this Announcement shall not give rise to any implication that there has been no change in the facts set forth in this Announcement since such date.

This Announcement has been prepared for the purpose of complying with English and Scots law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside of England and Scotland.

This Announcement does not constitute a prospectus or prospectus equivalent document.

Overseas Shareholders

The release, publication or distribution of this Announcement in or into certain jurisdictions other than the United Kingdom may be restricted by law. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition shall not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Acquisition by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and all documents relating to the Scheme and the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate

the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition.

The availability of the Acquisition to SMS Shareholders who are not resident in the United Kingdom (and, in particular, their ability to vote their SMS Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf) may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements, as any failure to comply with such requirements may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

The Acquisition shall be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the Financial Conduct Authority and the AIM Rules. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

Additional Information for US Investors

The Acquisition is being made to acquire the securities of a Scottish company by means of a scheme of arrangement provided for under Scots law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Exchange Act. Accordingly, the Scheme will be subject to disclosure requirements and practices applicable in the United Kingdom to schemes of arrangement, which are different from the disclosure requirements of the US tender offer and proxy solicitation rules. Certain financial information included in this Announcement and the Scheme documentation has been or will have been prepared in accordance with accounting standards applicable in the United Kingdom and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Bidco were to elect to implement the Acquisition by means of a Takeover Offer, such Takeover Offer would be made in compliance with applicable US laws and regulations, including Section 14(e) of the US Exchange Act and Regulation 14E thereunder. Such a takeover would be made in the United States by Bidco and no one else.

The receipt of cash pursuant to the Acquisition by a US SMS Shareholder as consideration for the transfer of its SMS Shares pursuant to the Scheme will likely be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as foreign and other, tax laws. SMS Shareholders are urged to consult their independent professional advisers immediately regarding the tax consequences of the Acquisition applicable to them.

It may be difficult for US SMS Shareholders to enforce their rights and claims arising out of the US federal securities laws, since Bidco and SMS are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US SMS Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's jurisdiction and judgement.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, Bidco, certain affiliated companies and their nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in SMS outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes Effective, lapses or is otherwise withdrawn. Also, in accordance with Rule 14e-5(b) of the US Exchange Act, each of Morgan Stanley, Macquarie Capital, Investec and RBC will continue to act as a connected exempt principal trader in SMS Shares on the London Stock Exchange. If such purchases or arrangements to purchase were to be made they would occur either in the open market at prevailing prices or in private transactions at negotiated prices and comply with applicable law, including the US Exchange Act. Any information about such purchases or arrangements to purchase will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at <http://www.londonstockexchange.com>.

Forward Looking Statements

This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Acquisition, and other information published by KKR, Bidco or SMS may contain statements about Bidco and SMS that are or may be deemed to be forward looking statements. All statements other than statements of historical facts included in this Announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “shall”, “should”, “anticipates”, “estimates”, “projects”, “is subject to”, “budget”, “scheduled”, “forecast” or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Bidco’s or SMS’s operations and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on Bidco’s or SMS’s business.

Such forward looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and SMS about future events, and are therefore subject to risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements, including: increased competition, the loss of or damage to one or more key customer relationships, changes to customer ordering patterns, delays in obtaining customer approvals for engineering or price level changes, the failure of one or more key suppliers, the outcome of business or industry restructuring, the outcome of any litigation, changes in economic conditions, currency fluctuations, changes in interest and tax rates, changes in raw material or energy market prices, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, technological developments, the failure to retain key management, or the timing and success of future acquisition opportunities or major investment projects. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward looking statements. Such forward looking statements should therefore be construed in the light of such factors. Neither Bidco nor SMS, nor any of their respective associates or 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 Announcement will actually occur. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. All subsequent oral or written forward looking statements attributable to any member of the Bidco Group or the SMS Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.

Bidco and SMS expressly disclaim any obligation to update any forward looking or other statements contained herein, except as required by applicable law or by the rules of any competent regulatory authority, whether as a result of new information, future events or otherwise.

No Profit Forecasts or Profit Estimates or Quantified Financial Benefit Statements

No statement in this Announcement is intended as, or is to be construed as, a profit forecast, profit estimate or quantified financial benefits statement for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for SMS for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for SMS.

Disclosure Requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th

Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at <http://www.thetakeoverpanel.org.uk/>, including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

Electronic Communications

Please be aware that addresses, electronic addresses and certain information provided by SMS Shareholders, persons with information rights and other relevant persons for the receipt of communications from SMS may be provided to Bidco during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

Publication on Website and Availability of Hard Copies

A copy of this Announcement and the documents required to be published by Rule 26 of the Takeover Code shall be made available subject to certain restrictions relating to persons resident in Restricted Jurisdictions on SMS's website at www.sms-plc.com by no later than 12 noon (London time) on the Business Day following the date of this Announcement. For the avoidance of doubt, neither the contents of this website nor the content of any other website accessible from hyperlinks on such website is incorporated into, or forms part of, this Announcement.

In accordance with Rule 30.3 of the Takeover Code, SMS Shareholders, persons with information rights and participants in the SMS Share Plans may request a hard copy of this Announcement by contacting Computershare Investor Services PLC during business hours on 0370 707 4087 or by submitting a request in writing to Registrar at Computershare Investor Service PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. In accordance with Rule 30.3 of the Takeover Code, a person so entitled may also request that all future documents, announcements and information in relation to the Acquisition should be sent to them in hard copy form. If you have received this Announcement in electronic form or via a website notification, hard copies of this Announcement and any document or information incorporated by reference into this document will not be provided unless such a request is made.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and

figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Rule 2.9 Disclosure

In accordance with Rule 2.9 of the Takeover Code, SMS confirms that as at the date of this Announcement, it has in issue and admitted to trading on AIM 133,606,918 ordinary shares of £0.01 each (excluding ordinary shares held in treasury). The International Securities Identification Number (ISIN) of the ordinary shares is GB00B4X1RC86.

General

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

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under Part 26 of the UK Companies Act 2006**

1 Introduction

The boards of Bidco and SMS are pleased to announce that they have reached agreement on the terms of a recommended all cash acquisition of the entire issued and to be issued ordinary share capital of SMS by Bidco. The Acquisition is to be effected by means of a scheme of arrangement under Part 26 of the Companies Act.

Upon completion of the Acquisition, SMS will be wholly-owned by Bidco.

2 The Acquisition

Under the terms of the Acquisition, which shall be subject to the Conditions and further terms set out in Appendix I to this Announcement and to be set out in the Scheme Document, SMS Shareholders who are on the register of members of SMS at the Scheme Record Time shall be entitled to receive:

for each SMS Share

955 pence in cash

The Acquisition Price per SMS Share represents an attractive premium of approximately:

- 40.4 per cent. to the Closing Price of 680 pence per SMS Share on the Latest Practicable Date;
- 50.7 per cent. to the three-month Volume Weighted Average Price of 634 pence per SMS Share on the Latest Practicable Date; and
- 43.8 per cent. to the six-month Volume Weighted Average Price of 664 pence per SMS Share on the Latest Practicable Date.

The Acquisition values the entire issued and to be issued ordinary share capital of SMS at approximately £1.3 billion on a fully diluted basis, and this implies an enterprise value of approximately £1.4 billion.

The Acquisition values SMS at an EV / EBITDA multiple of 20.0x (calculated based on LTM Pre-exceptional EBITDA of £71 million as of June 2023).

SMS Shareholders will be entitled to receive and retain the Second FY 2023 Dividend Instalment of 8.31875 pence per SMS Share as announced by SMS on 12 September 2023, which is expected

to be paid on 25 January 2024 to those SMS Shareholders who appear on the register of members of the Company on 5 January 2024. If any other dividend or distribution is announced, declared, made or paid in respect of SMS Shares on or after the date of this Announcement (including the Third and Fourth FY 2023 Dividend Instalments), Bidco reserves the right to reduce the Acquisition Price by the amount of such dividend or other distribution except where the SMS Shares are or will be acquired pursuant to the Scheme on a basis which entitles Bidco to receive such dividend or other distribution and retain it. If any such dividend or distribution is paid after the date of this Announcement and Bidco exercised its rights described in the preceding sentence, SMS Shareholders would be entitled to retain any such dividend or other distribution and any reference in this Announcement to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced.

The Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and the SMS General Meeting, together with the forms of proxy, is expected to be published within 28 days of the date of this Announcement unless otherwise agreed by the Panel, Bidco and SMS.

3 Background to and reasons for the Acquisition

KKR believes that SMS is a business of high quality, with a strong and highly experienced management team and with the potential to substantially contribute to and enable the energy transition. Today, the business has an established smart meters platform with growing presence in grid-scale battery storage assets and the potential to further scale carbon reduction assets, and play a leading role to support the UK Government's ambition to be net zero by 2050.

KKR believes that SMS is successfully executing a transition from a metering provider to a fully integrated, end-to-end energy infrastructure company which owns, installs and manages carbon reduction assets. The profile of SMS's metering and battery storage assets together with their long-term, highly contracted, and inflation-protected cash flow streams display the key attributes KKR seeks in its infrastructure investments.

The energy transition is driving substantial changes in the underlying energy markets and there is a clear opportunity for SMS to invest at scale behind the low carbon revolution and further develop its platform and carbon reduction asset base. This strategy, however, is highly capital-intensive and KKR does not believe that SMS's current financial structure allows the business to invest at the level required to execute successfully and make the most of the growth opportunity. Private ownership can better facilitate this by allowing SMS to make sustained capital investments, take a more agile approach and avoid the need for asset recycling to fund growth initiatives. To this effect, KKR believes it has made an attractive offer to SMS's shareholders which delivers the certainty of cash today, in contrast to the risks, uncertainty and significant capital requirements associated with delivering SMS's strategy and future growth.

KKR's experience, capabilities and long-term partnership approach will enable it to be a committed and responsible partner and to add value as SMS progresses through its next phase of development, in particular by enabling significantly greater access to long-term flexible capital and leveraging KKR's operational expertise as an active investor. KKR has significant experience in investing at scale behind the energy transition in the UK and globally, as well as a track record of successful execution in growing and scaling energy and infrastructure businesses through active management. KKR will provide SMS and its management team with operational expertise and the firm's full global platform and value creation resources.

4 Recommendation

The SMS Directors, who have been so advised by Investec and RBC as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing their advice to the SMS Directors, Investec and RBC have taken into account the commercial assessments of the SMS Directors. Investec is providing independent financial advice to the SMS Directors for the purposes of Rule 3 of the Takeover Code.

Accordingly, the SMS Directors intend to recommend unanimously that SMS Shareholders vote in favour of the Scheme at the Court Meeting and that SMS Shareholders vote in favour of the Special Resolutions to be proposed at the SMS General Meeting (or, if Bidco, with the consent of the Panel, subsequently structures the Acquisition as a Takeover Offer, to accept any Takeover Offer made by Bidco in accordance with the terms of the irrevocable undertaking), as the SMS Directors who hold interests in SMS Shares have irrevocably undertaken to do in respect of their own legal and/or beneficial holdings which are under their control of 141,341 SMS Shares, in aggregate, representing approximately 0.1 per cent. of SMS's issued ordinary share capital on the Latest Practicable Date, as detailed in Appendix III to this Announcement.

Miriam Greenwood, Chairman of the SMS Board, has a potential interest in the Acquisition by virtue of being appointed on 16 November 2023 as a non-executive director of Liontrust Asset Management PLC, a subsidiary of which is SMS's largest indirect beneficial shareholder as at the date of this Announcement. In addition, Tim Mortlock (Chief Executive Officer of SMS) and Gail Blain (Chief Financial Officer of SMS) have a potential interest in the Acquisition as it is expected that they will continue as SMS Directors following the Effective Date. These possible conflicts have been authorised by the Company's non-conflicted directors in accordance with the Articles.

5 Background to and reasons for the recommendation

Background to the recommendation

In 2011 SMS undertook an initial public offering ("IPO") as it considered the public equity market to be the optimum route to access capital to grow the business. Since then, SMS has developed into a fully integrated energy infrastructure company which owns, installs and manages a wide range of carbon reduction ("CaRe") products and solutions, playing an important part in the UK's energy transition.

The SMS Group has established a significant asset base generating long-term secure recurring cashflows, a strong growth pipeline and substantial additional opportunities as the UK transitions to Net Zero whilst, the SMS Directors believe, creating long-term sustainable value for its stakeholders. During this period, SMS has grown its market capitalisation from £50 million at listing to £909 million as at 6 December 2023 (being the last Business Day before the Announcement Date).

SMS has built a leading market position in its metering business with a portfolio of c. 4.5 million metering and data assets under management, including c. 2.3 million domestic smart electricity and gas meters and a contracted smart meter order pipeline of c. 1.95 million meters.

Further, management has diversified SMS's operations. SMS's infrastructure team design, install, own, operate, maintain and optimise grid-scale battery energy storage systems ("BESS") across the UK. The SMS Group has the UK's fourth-largest portfolio of operational BESS assets, and a pipeline for 860MW of assets, of which 240MW are currently operational, 370MW secured (of which 50MW is under construction and 320MW in pre-construction) and a further 250MW under exclusivity.

In addition, the SMS Group's Energy Services division provides utility connections and energy consultancy services, funding and delivery solutions to Industrial & Commercial ("I&C") customers, whilst its residential division is developing Behind-the-Meter solar, storage, heat and electric vehicle services to domestic households. SMS is also actively deploying electric vehicle charging solutions, working alongside a wide range of industry partners and stakeholders.

Underpinning all of these services is the SMS Group's cloud-based data platform, METIS, which operates CaRe assets distributed across the energy system. The SMS Group's industry accredited services, which the SMS Directors believe are critical to a decentralised and flexible energy system, provide a strong basis from which to deliver these asset and data solutions efficiently to the SMS Group's I&C customers, energy suppliers and other energy industry participants, and, through its growing grid-scale battery business, the SMS Group's participation in the wholesale electricity market alongside national energy networks.

The SMS Group's near-term pipeline of 1.95 million smart meters and 620MW of BESS (together, the "**Existing Pipeline**") will deliver substantial growth over the next four years, and can be fully

funded from asset-backed internally-generated cash flows and additional debt facilities. However, this would result in peak leverage levels of approximately 4x net debt / EBITDA limiting the SMS Group's further growth. Interest rates, and therefore the cost of capital are also materially more expensive today than during the prior period since IPO. The SMS Board believes that public market investors are currently cautious of such levels of leverage for mid-cap companies, notwithstanding the stable, infrastructure-style characteristics of the SMS Group's asset base. Accordingly, as disclosed in the SMS Group's recent half year results, the Company has considered selective asset recycling to maintain a more conservative level of gearing and to provide capacity for further pipeline growth. This however has potential to dilute the Company's ability to deliver its stated wider strategy and, ultimately, grow beyond its Existing Pipeline over the long-term.

In addition to the Existing Pipeline, the SMS Directors believe the SMS Group has a large and attractive pipeline of broader opportunities including, but not limited to, the ongoing BESS rollout with an aggregate minimum target of 1,500MW operational by 2030 (plus an extension of this pipeline to longer duration two-hour storage), together with the development of wider CaRe products and services in strategically aligned adjacent markets with differing revenue profiles. In order to fully capitalise on these additional BESS and CaRe opportunities, SMS would need to continue to transition its engineering resources to deliver these new asset classes. The size of these opportunities and the capital that would be required to maximise the return on those opportunities is substantial. The SMS Group may not be able to fully capitalise on these opportunities with internally-generated cash flows, additional debt facilities or asset recycling alone.

Factors considered by the SMS Board

Against this backdrop, the SMS Board received an approach from KKR, a highly experienced infrastructure investor with expertise investing behind the energy transition, which, following a period of negotiation, led to the agreement of a proposal to acquire the SMS Group at a price of 955 pence per SMS Share.

The SMS Board carefully considered this proposal and, while the SMS Board believes SMS is well-positioned to make continued operational and financial progress, the SMS Board has concluded that the terms of the Acquisition recognise the strengths of SMS's business, and provides SMS shareholders with an immediate and attractive outcome, with certainty in cash, compared with the SMS Group continuing to pursue its independent strategy.

In considering the terms of the Acquisition, the SMS Directors have taken into account a number of factors including:

- the significant premium of approximately:
 - 40.4 per cent. to the Closing Price of 680 pence per SMS Share on 6 December 2023 (being the last Business Day before the commencement of the Offer Period); and
 - 50.7 per cent. to the volume-weighted average price of 634 pence per SMS Share for the three-month period ended 6 December 2023 (being the last Business Day before the commencement of the Offer Period).
- that the Acquisition values SMS at an EV / EBITDA multiple of 20.0x (calculated based on LTM Pre-exceptional EBITDA of £71 million as of June 2023);
- that the certainty of the all-cash nature of the consideration payable pursuant to the Acquisition will provide SMS Shareholders with the opportunity to receive an immediate and attractive cash sum for all of their SMS Shares, weighed against the risks associated with the delivery of future potential value in the business given the uncertainty and volatility in the broader capital markets and macroeconomic environment which are expected to persist for a period;

- that the delivery of the Existing Pipeline and additional pipeline is subject to commercial and market risks and will require significant additional funding which, given an increasing cost of capital environment, may be challenging for SMS as a publicly listed business. The SMS Board believes that, under private ownership, SMS would be able to fund and accelerate the delivery of its strategy and growth pipeline through access to significant flexible, long-term capital from KKR, a highly supportive investor which invests over the long-term and brings extensive operational expertise and resources from its global platform;
- that SMS's trading performance and growth potential have not, in the view of the SMS Board, been appropriately reflected in the price and valuation of SMS's Shares. In the current equity market environment, the SMS Board believes that the terms of the Acquisition represent attractive value relative to the risk of ongoing volatility in capital markets;
- that the risks and uncertainties of the current market environment, including the prevailing global economic and geopolitical uncertainty, may increase the execution risk associated with the execution of SMS's growth strategy;
- that the constraints imposed by the public capital markets place the Company at a competitive disadvantage when compared with comparable businesses;
- that, in light of the valuation of SMS's listed Shares, raising significant capital from the public market to enable the SMS Group to fulfil its growth potential beyond the Existing Pipeline would likely be challenging and dilutive to shareholder value; and
- that, based on the statements and assurances made by Bidco regarding its intentions for the business (as set out in more detail in paragraph 9 below), KKR fully supports SMS's current strategy and management, which the SMS Board believes will provide both access to capital for further growth and continuity for SMS's customers, employees and other stakeholders.

Accordingly, having taken into account all of the above factors, the SMS Directors intend unanimously to recommend the Acquisition to SMS Shareholders.

6 Irrevocable undertakings

As described above, Bidco has received irrevocable undertakings from the SMS Directors who hold interests in SMS Shares to vote in favour of the Scheme at the Court Meeting and the Special Resolutions to be proposed at the SMS General Meeting (or, if Bidco, with the consent of the Panel, subsequently structures the Acquisition as a Takeover Offer, to accept any Takeover Offer made by Bidco in accordance with the terms of the irrevocable undertaking) in respect of those SMS Shares that they legally and/or beneficially hold which are under their control, in aggregate, representing approximately 0.1 per cent. of SMS's issued ordinary share capital on the Latest Practicable Date.

Further details of the irrevocable undertakings described above are set out in Appendix III to this Announcement.

7 Information on Bidco and KKR

Bidco is a newly formed company indirectly wholly-owned by funds advised by KKR. KKR is a leading global investment firm that offers alternative asset management as well as capital markets and insurance solutions, with approximately US\$528 billion in assets under management as of 30 September 2023. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and supporting growth in its portfolio companies and communities.

KKR has significant experience and deep roots in infrastructure investing. KKR established its Global Infrastructure strategy in 2008 and has since been one of the most active infrastructure investors around the world, with a team of over 115 individuals, including more than 90 investment professionals and over 25 additional value-creation executives that are fully dedicated to Infrastructure. The firm has made over 80 infrastructure investments spanning the globe across various sectors including renewables, utilities, midstream, transportation, water and communications. Its portfolio companies have assets across many geographies, including the US, Canada, Mexico, Germany, France, Spain, and the UK, amongst others.

KKR will invest in the Acquisition largely through KKR Global Infrastructure Investors IV (the “Fund”), a US\$17 billion fund focused on critical infrastructure investments with low volatility and strong downside protection where KKR believes it can achieve attractive risk-adjusted returns by leveraging its experienced team, risk-based strategy, long track record of operational value creation, and global network of industry experts. The Fund has a broad investment mandate across a number of infrastructure sectors and predominantly pursues assets with strong existing cash flows and attractive reinvestment opportunities for future growth.

KKR has a long track record in energy transition and climate-related investments. Since launching the KKR Infrastructure Platform in 2008, KKR has committed more than \$15 billion to energy transition and climate-related investments. KKR has been investing in the UK for over two decades, having deployed over \$24 billion in equity across all investment platforms, including over \$5.5 billion in infrastructure sustainability-related investments over the past seven years.

8 Information on the SMS Group

SMS was incorporated in Scotland in October 2009 and the SMS Shares were admitted to trading on AIM on 8 July 2011.

SMS is a fully integrated energy infrastructure company owning and managing meter assets, energy data, grid-scale batteries and other carbon reduction (CaRe) assets. The group manages and optimises these assets through its in-house technology and data analytical platform “METIS”.

Established in 1995, SMS provides a full end-to-end service in metering and other carbon reduction assets, from funding and installation to management and maintenance, with a highly skilled workforce, deep engineering expertise and well-established industrial partnerships.

Since its IPO, SMS has grown to become one of the UK leaders in smart energy assets and related data services. SMS provides a fully-integrated offering, as an end-to-end installer, owner and operator of smart energy assets, including smart meters, grid-scale battery storage systems, electric vehicle chargers and other behind the meter assets such as solar, storage and heat pumps. Its solutions are widely used across a number of settings, primarily industrial, commercial and public sectors and the wider domestic market.

SMS is one of the leaders in the low carbon, smart energy revolution in the UK and is committed to reducing its own carbon emissions to net zero by 2030. SMS has been recognised with the London Stock Exchange’s Green Economy Mark every year since it was introduced in 2019.

SMS is headquartered in Glasgow with a presence across over eight locations. SMS is quoted on AIM.

SMS employs approximately 1,500 people, primarily in the UK, and for the financial year ended 31 December 2022, SMS reported Pre-exceptional EBITDA of £63.8 million and Underlying Profit Before Tax of £24.5 million. At 31 December 2022 SMS had index-linked annualised recurring revenue (ILARR) of £97.1 million.

At 30 June 2023 SMS reported ILARR of £110.0 million. For the six month period ended 30 June 2023, SMS reported Pre-exceptional EBITDA of £36.1 million and Underlying Profit Before Tax of £11.2 million.

9 Directors, management, employees, research and development and locations

Bidco's strategic plans for SMS

As set out in paragraph 3 (Background to and reasons for the Acquisition), Bidco believes that the Acquisition represents an attractive opportunity to support SMS in the next phase of its growth.

Bidco is supportive of SMS's publicly stated strategy of delivering and growing its smart meter and grid-scale battery pipelines and building the pipeline in wider carbon reduction assets. Bidco intends to provide capital, access to its global network and operational expertise to support SMS's strategy under private ownership. Bidco believes that its support will allow SMS to deliver on its growth agenda underpinned by its focus on serving its customers and protecting the environment.

In line with market practice for a public offer process, Bidco completed a period of confirmatory due diligence on SMS prior to the date of this Announcement; however, Bidco has not yet had access to sufficiently detailed operational information to formulate an agreed strategy for SMS. Following the Scheme becoming Effective, Bidco intends to conduct, together with the management team, a detailed review of SMS's business and operations, and expects that the review will be completed within approximately twelve months from the Effective Date. The review will include:

- assessing SMS's existing portfolio of carbon reduction assets, its asset pipeline and embedded growth opportunities;
- identifying and executing acquisition and development opportunities;
- assessing opportunities to leverage SMS's technology platforms to enable a smart, data-driven, energy system underpinning SMS's focus on decarbonisation; and
- assessing SMS's capital structure and ongoing capital requirements with a view to maximising the opportunities available to SMS.

Employees, management and pensions

Bidco attaches great importance to the skills and experience of SMS's management and employees and recognises that the employees and management of SMS will be key to its future success. Bidco is looking forward to working with SMS's management and employees to support the future development of SMS and to ensure that the business continues to thrive as a private company.

Once SMS ceases to be a publicly-listed company, Bidco intends that there will be limited headcount reductions related to public company-related functions which will no longer be required under private ownership. Bidco will seek to reassign individuals involved in these functions where possible and will comply with applicable law (including any information and consultation obligations) in connection with any headcount reductions. Bidco expects that, upon the Scheme becoming Effective, the Chairman and each of the non-executive directors on the SMS Board will resign from his or her office as a director of SMS and for the Board's committees to be disbanded.

Other than as described above, Bidco does not intend to make any other material reductions to the SMS employee headcount.

Following completion of the Acquisition, Bidco confirms that it will fully safeguard the existing contractual and statutory employment rights, including pension rights, of all management and employees of SMS in accordance with applicable law, and envisages that there will be no material change in their terms and conditions of employment or in the balance of their skills and functions.

Locations, headquarters and fixed assets

Bidco has no plans to change the locations of SMS's headquarters, headquarter functions (other than as outlined in the section above) or places of business or to redeploy the fixed assets of SMS.

Research and development

Bidco does not intend to make any changes to SMS's research and development functions.

Trading facilities

SMS Shares are currently admitted to trading on AIM and, as set out in paragraph 14 below, subject to the Scheme becoming Effective, an application will be made to the London Stock Exchange to cancel the admission to trading of SMS Shares on AIM.

Management incentivisation

As noted above, Bidco attaches great importance to the skills, experience and expertise of the existing employees of SMS. At this stage, Bidco has not entered into, and has not discussed any form of, incentivisation arrangements with members of SMS's management. Bidco expects to put in place certain incentive arrangements for the management of SMS and for the retention of key employees, in each case following the Effective Date.

No statements in this paragraph 9 constitute "post-offer undertakings" for the purpose of Rule 19.5 of the Code.

10 SMS Share Plans

Participants in the SMS Share Plans will be contacted regarding the effect of the Acquisition on their rights under the SMS Share Plans and, where required, appropriate proposals in accordance with Rule 15 of the Takeover Code will be made to such participants in due course. Further details of the terms of such proposals will be included in the Scheme Document and in separate letters to be sent to participants in the SMS Share Plans.

11 Financing

Bidco is providing the cash consideration payable under the Acquisition through a combination of equity and debt financing.

The financing will comprise:

- equity to be drawn from funds, vehicles and/or accounts advised and/or managed by KKR; and
- a term loan to be provided through an interim facilities agreement between Bidco and certain interim lenders (the "**Interim Lenders**").

Other potential investors may take indirect minority interests in Bidco during the offer period or once the Acquisition completes.

Morgan Stanley, as financial adviser to Bidco, is satisfied that sufficient cash resources are available to Bidco to enable it to satisfy in full the cash consideration payable to SMS Shareholders under the terms of the Acquisition.

Further information on the financing of the Acquisition will be set out in the Scheme Document.

12 Acquisition-related Arrangements

Confidentiality Agreement

Kohlberg Kravis Roberts & Co. Partners LLP, an affiliate of Kohlberg Kravis Roberts & Co. L.P., and SMS entered into a confidentiality agreement on 14 October 2023 (the "**Confidentiality Agreement**"), pursuant to which KKR has undertaken to keep information relating to SMS confidential and not to disclose it to third parties (other than to permitted recipients) unless required by law or regulation. These confidentiality obligations shall remain in force until the earlier of completion of the Acquisition or two years from the date of the Confidentiality Agreement.

The Confidentiality Agreement also contains undertakings from KKR that, for a period ending on the earlier of the last day of the eighteenth month following the date of Confidentiality Agreement and

completion of the Acquisition, KKR shall not solicit, employ or otherwise engage certain of SMS's employees or officers without the prior written consent of SMS.

The Confidentiality Agreement includes customary provisions relating to restrictions on share dealings.

Clean Team Agreement

Kohlberg Kravis Roberts & Co. Partners LLP and SMS entered into a clean team agreement on 16 November 2023 (the "**Clean Team Agreement**"), the purpose of which is to stipulate the procedure for the sharing of commercially sensitive information relating to the SMS Group with identified external legal advisers, consultants and experts hired by KKR in connection with: (i) undertaking commercial and legal due diligence in order to evaluate the Acquisition; (ii) planning the transition and integration process in relation to the Acquisition; and (iii) undertaking the analysis of regulatory clearance matters (including antitrust and investment screening approvals) and undertaking the relevant regulatory processes (including the preparation of antitrust or other regulatory filings and communications) with any relevant regulatory authority as required in the context of the Acquisition.

Co-operation Agreement

Bidco and SMS entered into a co-operation agreement on 7 December 2023 (the "**Co-operation Agreement**"), pursuant to which, among other things: (i) Bidco has agreed to take all required or necessary steps to promptly obtain the clearances and approvals necessary and/or expedient to satisfy certain regulatory conditions as soon as reasonably practicable and in any event, in sufficient time to enable the Effective Date to occur by the Long Stop Date; (ii) Bidco and SMS have agreed to certain undertakings to co-operate in relation to such clearances and approvals; (iii) Bidco has agreed to provide SMS with certain information for the purposes of the Scheme Document and to otherwise assist SMS with the preparation of the Scheme Document; (iv) Bidco has agreed to take all such steps as are permissible by the Code and applicable law and are within its power that are necessary to implement the Acquisition in accordance with, and subject to the Code and the terms and conditions set out in, the Co-operation Agreement, this Announcement and the Scheme Document; (v) Bidco and SMS have agreed to certain provisions if the Scheme should switch to a Takeover Offer. The Co-operation Agreement also contains provisions that will apply in respect of employee-related matters and the SMS Share Plans.

The Co-operation Agreement can be terminated in a number of customary circumstances, including (subject to certain exceptions): (i) if Bidco and SMS agree in writing to terminate the Co-operation Agreement; (ii) if the Effective Date has not occurred on or before the Long Stop Date; (iii) if, prior to the Long Stop Date, any Condition becomes incapable of satisfaction (in circumstances where the invocation of the relevant Condition is permitted by the Panel); (iv) at Bidco's election, if the SMS Directors withdraw, adversely modify or qualify the recommendation provided in this Announcement or, if the SMS Directors recommend a competing proposal; or (v) if the Acquisition, with the permission of the Panel, is withdrawn or lapses in accordance with its terms prior to the Long Stop Date (other than in certain limited circumstances).

13 Structure of and Conditions to the Acquisition

It is intended that the Acquisition will be effected by means of a Court-approved scheme of arrangement between SMS and Scheme Shareholders under Part 26 of the Companies Act.

The purpose of the Scheme is to provide for Bidco to become the holder of the entire issued and to be issued ordinary share capital of SMS. This is to be achieved by:

- (i) the transfer of the Scheme Shares to Bidco, in consideration for which the Scheme Shareholders who are on the register of members at the Scheme Record Time will receive cash consideration on the basis set out in paragraph 2 of this Announcement; and
- (ii) passing of the Special Resolutions at the SMS General Meeting (including amendments to SMS's Articles to ensure that any SMS Shares issued or transferred out of treasury between

the approval of the Special Resolutions at the SMS General Meeting and the Scheme Record Time will be subject to the Scheme and that any SMS Shares issued or transferred after the Scheme Record Time will automatically be acquired by Bidco).

The Acquisition will be subject to the Conditions and further terms set out in Appendix I to this Announcement and to be set out in the Scheme Document and the associated forms of proxy and will only become Effective if, among other things, the following events occur on or before the Long Stop Date:

- (i) the approval of the Scheme by a majority in number of the SMS Shareholders who are present, entitled to vote, and vote, whether in person or by proxy, at the Court Meeting and who represent 75 per cent. or more in value of the SMS Shares voted by those SMS Shareholders at the Court Meeting;
- (ii) the Special Resolutions required to approve and implement the Scheme being duly passed by 75 per cent. or more of votes cast at the SMS General Meeting;
- (iii) following the Scheme being approved at the Court Meeting and the Special Resolutions being passed at the SMS General Meeting, the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to SMS and Bidco); and
- (iv) following the sanction of the Scheme by the Court, the delivery of a copy of the Court Order to the Registrar of Companies.

The Acquisition will lapse if:

- the Court Meeting and the SMS General Meeting are not held on or before the 22nd day after the expected date of such meetings as set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and SMS and that the Court may approve if required);
- the Sanction Hearing is not held on or before the 22nd day after the date of such hearing as set out in the Scheme Document (or such later date as may be agreed between Bidco and SMS and that the Court may approve if required); or
- the Scheme does not become Effective on or before the Long Stop Date,

provided however that the deadlines for the timing of the Court Meeting, the SMS General Meeting and the Sanction Hearing as set out above may be waived by Bidco, and the Long Stop Date may, with the approval of the Court and/or the Panel if required, be extended by agreement between SMS and Bidco.

Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the SMS General Meeting and, if they did vote, irrespective of whether or not they voted for or against the Scheme or the resolutions proposed at those meetings.

In accordance with the applicable provisions of the Takeover Code, the consideration for the transfer of the Scheme Shares to Bidco will be despatched no later than 14 days after the Effective Date.

Any SMS Shares issued before the Scheme Record Time which remain in issue at the Scheme Record Time will be subject to the terms of the Scheme. The Special Resolutions to be proposed at the SMS General Meeting will, among other things, provide that the Articles be amended to incorporate provisions requiring, among other things and subject to the Scheme becoming Effective, any SMS Shares issued or transferred after the Scheme Record Time (other than to Bidco and/or its nominees) to be automatically transferred to Bidco (or as Bidco may direct) on the same terms as the Acquisition (other than terms as to timings and formalities). The provisions of the Articles (as amended) will avoid any person (other than Bidco, its nominees and any person to whom Bidco may

direct the transfer of SMS Shares after the Effective Date) holding and retaining SMS Shares after the Effective Date.

Further details of the Scheme, including an indicative timetable for its implementation, will be set out in the Scheme Document. It is expected that the Scheme Document and the forms of proxy accompanying the Scheme Document will be published within 28 days of this Announcement (unless otherwise agreed by the Panel, Bidco and SMS). The Scheme Document and associated forms of proxy will be made available to all SMS Shareholders at no charge to them, and, for information only, to persons with information rights and to the holders of options under the SMS Share Plans.

Subject, among other things, to the satisfaction or waiver of the Conditions, it is expected that the Scheme will become effective in Q1 2024.

Pursuant to the terms of the Interim Facilities Agreement, Bidco may not waive, amend or treat as satisfied any material term or condition relating to the Acquisition where to do so would be materially adverse to the interests of the Interim Lenders (taken as a whole) under the Interim Facilities Agreement, subject to certain exceptions, including where it is reasonably determined by Bidco as being necessary or desirable to comply with the requirements or requests of the Takeover Code, the Panel or the Court or any applicable law, regulation or regulatory body.

14 Cancellation of admission to trading on AIM and re-registration

Prior to the Scheme becoming Effective, an application will be made to the London Stock Exchange for the admission of the SMS Shares to trading on AIM to be cancelled shortly after the Effective Date (but in any event after the Scheme becomes Effective).

The last day of dealings in SMS Shares on AIM is expected to be the Business Day immediately prior to the Effective Date and no transfers will be registered after 6.00 p.m. (London time) on that date.

On the Effective Date, share certificates held by Scheme Shareholders in respect of Scheme Shares shall cease to be valid and should be destroyed. In addition, entitlements to SMS Shares held in CREST shall be cancelled on the Effective Date.

It is also proposed that, following the Effective Date and after the cancellation of trading of the SMS Shares on AIM, SMS will be re-registered as a private limited company under the relevant provisions of the Companies Act.

15 Dividends

SMS Shareholders will be entitled to receive and retain the Second FY 2023 Dividend Instalment of 8.31875 pence per SMS Share as announced by SMS on 12 September 2023, which is expected to be paid on 25 January 2024 to those SMS Shareholders who appear on the register of members of the Company on 5 January 2024.

If any other dividend or distribution is announced, declared, made or paid in respect of SMS Shares on or after the date of this Announcement (including the Third and Fourth FY 2023 Dividend Instalments), Bidco reserves the right to reduce the Acquisition Price by the amount of such dividend or other distribution. If any such dividend or distribution is paid after the date of this Announcement and Bidco exercises its rights described in the preceding sentence, SMS Shareholders would be entitled to retain any such dividend or other distribution and any reference in this Announcement to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced.

The Acquisition Price will not be reduced in circumstances where the SMS Shares are or will be acquired pursuant to the Scheme on a basis which entitles Bidco to receive a dividend or other distribution in respect of its SMS Shares after the Scheme has become effective and to retain such dividend or other distribution.

16 Disclosure of interests in SMS

Save in respect of the irrevocable undertakings referred to in paragraph 6 above, as at the close of business on the Latest Practicable Date, neither Bidco, nor any of its directors, nor, so far as Bidco is aware, any person acting, or presumed to be acting, in concert (within the meaning of the Takeover Code) with it has: (i) any interest in or right to subscribe for any relevant securities of SMS; (ii) any short positions in respect of relevant SMS Shares (whether conditional or absolute and whether in the money or otherwise), including any short positions under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery; (iii) any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Takeover Code, in relation to SMS Shares or in relation to any securities convertible or exchangeable into SMS Shares; (iv) borrowed or lent any relevant SMS Shares (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code), save for any borrowed shares which had been either on-lent or sold; or (v) procured an irrevocable undertaking or letter of intent to accept the terms of the Acquisition in respect of relevant securities in SMS.

'Interests in securities' for these purposes arise, in summary, when a person has long economic exposure, whether absolute or conditional, to changes in the price of securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person will be treated as having an 'interest' by virtue of the ownership, voting rights or control of securities, or by virtue of any agreement to purchase, option in respect of, or derivative referenced to, securities.

Furthermore, save for the irrevocable undertakings described in paragraph 6 above, no arrangement exists between Bidco and SMS or a person acting in concert with Bidco and SMS in relation to SMS Shares. For these purposes, an "arrangement" includes any indemnity or option arrangement, and any agreement or any understanding, formal or informal, of whatever nature, relating to SMS Shares which may be an inducement to deal or refrain from dealing in such securities.

It has not been possible for Bidco to make enquiries of all of its concert parties in advance of the release of this Announcement. Therefore, if Bidco becomes aware, following the making of such enquiries, that any of its concert parties have any interests in relevant securities of SMS, all relevant details in respect of Bidco's concert parties will be included in Bidco's Opening Position Disclosure in accordance with Rule 8.1(a) and Note 2(a)(i) on Rule 8 of the Takeover Code.

17 General & right to switch to a Takeover Offer

Bidco reserves the right to elect (with the consent of the Panel and subject to the terms of the Co-operation Agreement) to implement the Acquisition by way of a Takeover Offer for the entire issued and to be issued share capital of SMS as an alternative to the Scheme. In such event, the Acquisition shall be implemented on the same terms or, if Bidco so decides, such other terms being no less favourable, so far as applicable, as those which would apply to the Scheme (subject to appropriate amendments, including (without limitation) an acceptance condition set (subject to the Co-operation Agreement) at a level permitted by the Panel).

Further, if the Acquisition is effected by way of a Takeover Offer, and if sufficient acceptances of the Takeover Offer are received and/or sufficient SMS Shares are otherwise acquired, and the Takeover Offer becomes or is declared unconditional in all respects, it is the intention of Bidco to apply the provisions of the Companies Act to acquire compulsorily any outstanding SMS Shares to which such Takeover Offer relates. The Acquisition will be made subject to the Conditions and further terms set out in Appendix I to this Announcement and to the full terms and conditions which will be set out in the Scheme Document and forms of proxy. The bases and sources of certain financial information contained in this Announcement are set out in Appendix II to this Announcement. A summary of the irrevocable undertakings given in relation to the Acquisition is contained in Appendix III to this Announcement. Certain terms used in this Announcement are defined in Appendix IV to this Announcement.

Morgan Stanley, Macquarie Capital, Cavendish, Investec and RBC have each given and not withdrawn their consent to the publication of this Announcement with the inclusion herein of the references to their names in the form and context in which they appear.

18 Documents available on website

Copies of the following documents shall be made available by no later than 12 noon (*London time*) on the Business Day following the date of this Announcement on SMS's website at www.sms-plc.com/ until the end of the Acquisition:

- this Announcement;
- the irrevocable undertakings listed in Appendix III to this Announcement;
- the Co-operation Agreement;
- the Confidentiality Agreement;
- the Clean Team Agreement;
- documents relating to the financing of the Acquisition referred to in paragraph 11 above; and
- consent letters from each of Morgan Stanley, Macquarie Capital, Cavendish, Investec and RBC.

Enquiries:

Morgan Stanley (Joint Financial Adviser to KKR) +44 (0) 20 7425 8000

Shirav Patel / Francesco Puletti / Andrew Foster / George Chalaris / Nagib Ahmad

Macquarie Capital (Joint Financial Adviser to KKR) +44 (0) 20 3037 2000

Adam Hain / Ashish Mehta

FGS Global (PR Adviser to KKR) KKR-LON@fgsglobal.com

Faeth Birch / Alastair Elwen / Sophia Johnston +44 (0) 20 725 13801

Smart Metering Systems plc +44 (0) 141 249 3850

Miriam Greenwood, Chairman

Tim Mortlock, Chief Executive Officer

Gail Blain, Chief Financial Officer

Dilip Kejriwal, Head of Investor Relations

RBC Capital Markets (Joint Financial Adviser and Joint Broker to SMS) +44 (0) 20 7653 4000

Mark Preston / Evgeni Jordanov / Matthew Coakes / Sam Jackson

Investec Bank plc (Joint Financial Adviser and Joint Broker to SMS) +44 (0) 20 7597 5970

Henry Reast / James Rudd / Shalin Bhamra

Cavendish Securities plc (Nomad and Joint Broker to SMS) +44 (0) 131 220 6939

Neil McDonald / Peter Lynch / Adam Rae

Instinctif Partners (Public Relations Adviser to SMS) sms@instinctif.com

Tim Linacre +44 (0) 7949 939 237

Guy Scarborough +44 (0) 7917 178 920

Hogan Lovells International LLP is acting as legal adviser to SMS in connection with the Acquisition. Simpson Thacher & Bartlett LLP is acting as legal adviser to KKR and Bidco. Burness Paull LLP are providing legal advice to SMS as to Scottish law.

Important Notices

RBC Europe Limited (trading as RBC Capital Markets), which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting for SMS and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than SMS for providing the protections afforded to clients of RBC Capital Markets, or for providing advice in connection with matters referred to in this announcement

Investec, which is authorised by the Prudential Regulation Authority (the "PRA") and regulated by the Financial Conduct Authority and PRA in the United Kingdom, is acting exclusively as financial

adviser to SMS and for no one else in connection with the Offer and will not be responsible to any person other than SMS for providing the protections afforded to clients of Investec, nor for providing advice in relation to the Offer, the content of this announcement or any matter referred to in this announcement. Neither Investec nor any of its subsidiaries, branches or 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 who is not a client of Investec in connection with this announcement, any statement contained herein or otherwise.

Cavendish Securities, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for SMS and no one else in connection with the subject matter of this Announcement and will not be responsible to anyone other than SMS for providing the protections afforded to clients of Cavendish Securities or for providing advice in relation to the subject matter of this Announcement, the contents of this Announcement and any other matters referred to in this Announcement.

Morgan Stanley & Co. International plc ("**Morgan Stanley**") which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK is acting as financial adviser exclusively for KKR and no one else in connection with the matters set out in this announcement. In connection with such matters, Morgan Stanley, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in connection with the contents of this announcement or any other matter referred to herein.

Macquarie Capital (Europe) Limited ("**Macquarie Capital**") which is regulated by the Financial Conduct Authority in the UK is acting as financial adviser exclusively for KKR and no one else in connection with the matters set out in this announcement. In connection with such matters, Macquarie Capital, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in connection with the contents of this announcement or any other matter referred to herein. Macquarie Capital (Europe) Limited is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia), and its obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Any investments are subject to investment risk including possible delays in repayment and loss of income and principal invested. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Capital (Europe) Limited.

Further Information

This Announcement is for information purposes only and does not constitute or form any part of an offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of an offer to buy any securities, pursuant to the Acquisition or otherwise. The Acquisition shall be made solely by means of the Scheme Document (or, if, with the consent of the Panel, the Acquisition is implemented by way of a Takeover Offer, any document by which the Acquisition is made) which, together with the Forms of Proxy (or forms of acceptance), shall contain the full terms and Conditions of the Acquisition, including details of how to vote in respect of the Acquisition. SMS Shareholders are strongly advised to read the formal documentation in relation to the Acquisition once it has been despatched. Each SMS Shareholder is urged to consult its independent professional adviser immediately regarding the tax consequences to it (or its beneficial owners) of the Acquisition.

The statements contained in this Announcement are made as at the date of this Announcement, unless some other time is specified in relation to them, and publication of this Announcement shall not give rise to any implication that there has been no change in the facts set forth in this Announcement since such date.

This Announcement has been prepared for the purpose of complying with English and Scots law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside of England and Scotland.

This Announcement does not constitute a prospectus or prospectus equivalent document.

Overseas Shareholders

The release, publication or distribution of this Announcement in or into certain jurisdictions other than the United Kingdom may be restricted by law. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition shall not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Acquisition by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and all documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition.

The availability of the Acquisition to SMS Shareholders who are not resident in the United Kingdom (and, in particular, their ability to vote their SMS Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf) may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements, as any failure to comply with such requirements may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

The Acquisition shall be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the Financial Conduct Authority. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

Additional Information for US Investors

The Acquisition is being made to acquire the securities of a Scottish company by means of a scheme of arrangement provided for under Scots law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Exchange Act. Accordingly, the Scheme will be subject to disclosure requirements and practices applicable in the United Kingdom to schemes of arrangement, which are different from the disclosure requirements of the US tender offer and proxy solicitation rules. Certain financial information included in this Announcement and the Scheme documentation has been or will have been prepared in accordance with accounting standards applicable in the United Kingdom and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Bidco were to elect to implement the Acquisition by means of a Takeover Offer, such Takeover Offer would be made in compliance with applicable US laws and regulations, including Section 14(e) of the US Exchange Act and Regulation 14E thereunder. Such a takeover would be made in the United States by Bidco and no one else.

The receipt of cash pursuant to the Acquisition by a US SMS Shareholder as consideration for the transfer of its SMS Shares pursuant to the Scheme will likely be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as foreign and other, tax laws. SMS Shareholders are urged to consult their independent professional advisers immediately regarding the tax consequences of the Acquisition applicable to them.

It may be difficult for US SMS Shareholders to enforce their rights and claims arising out of the US federal securities laws, since Bidco and SMS are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US SMS Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's jurisdiction and judgement.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, Bidco, certain affiliated companies and their nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in SMS outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes Effective, lapses or is otherwise withdrawn. Also, in accordance with Rule 14e-5(b) of the US Exchange Act, each of Morgan Stanley, Macquarie Capital, Investec and RBC will continue to act as a connected exempt principal trader in SMS Shares on the London Stock Exchange. If such purchases or arrangements to purchase were to be made they would occur either in the open market at prevailing prices or in private transactions at negotiated prices and comply with applicable law, including the US Exchange Act. Any information about such purchases or arrangements to purchase will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at <http://www.londonstockexchange.com>.

Forward Looking Statements

This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Acquisition, and other information published by KKR, Bidco or SMS may contain statements about Bidco and SMS that are or may be deemed to be forward looking statements. All statements other than statements of historical facts included in this Announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “shall”, “should”, “anticipates”, “estimates”, “projects”, “is subject to”, “budget”, “scheduled”, “forecast” or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Bidco’s or SMS’s operations and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on Bidco’s or SMS’s business.

Such forward looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and SMS about future events, and are therefore subject to risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements, including: increased competition, the loss of or damage to one or more key customer relationships, changes to customer ordering patterns, delays in obtaining customer approvals for engineering or price level changes, the failure of one or more key suppliers, the outcome of business or industry restructuring, the outcome of any litigation, changes in economic conditions, currency fluctuations, changes in interest and tax rates, changes in raw material or energy market prices, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, technological developments, the failure to retain key management, or the timing and success of future acquisition opportunities or major investment projects. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward looking statements. Such forward looking statements should therefore be construed in the light of such factors. Neither Bidco nor SMS, nor any of their respective associates or 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 Announcement will actually occur. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. All subsequent oral or written forward looking statements attributable to any member of the Bidco Group or the SMS Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.

Bidco and SMS expressly disclaim any obligation to update any forward looking or other statements contained herein, except as required by applicable law or by the rules of any competent regulatory authority, whether as a result of new information, future events or otherwise.

No Profit Forecasts or Profit Estimates or Quantified Financial Benefit Statements

No statement in this Announcement is intended as, or is to be construed as, a profit forecast, profit estimate or quantified financial benefit statement for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for SMS for the

current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for SMS.

Disclosure Requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at <http://www.thetakeoverpanel.org.uk/>, including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

Electronic Communications

Please be aware that addresses, electronic addresses and certain information provided by SMS Shareholders, persons with information rights and other relevant persons for the receipt of communications from SMS may be provided to Bidco during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

Publication on Website and Availability of Hard Copies

A copy of this Announcement and the documents required to be published by Rule 26 of the Takeover Code shall be made available subject to certain restrictions relating to persons resident in Restricted Jurisdictions on SMS's website at www.sms-plc.com by no later than 12 noon (London time) on the Business Day following the date of this Announcement. For the avoidance of doubt, neither the contents of this website nor the content of any other website accessible from hyperlinks on such website is incorporated into, or forms part of, this Announcement.

In accordance with Rule 30.3 of the Takeover Code, SMS Shareholders, persons with information rights and participants in the SMS Share Plans may request a hard copy of this Announcement by

contacting Computershare Investor Services PLC during business hours on 0370 707 4087 or by submitting a request in writing to Registrar at Computershare Investor Service PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. In accordance with Rule 30.3 of the Takeover Code, a person so entitled may also request that all future documents, announcements and information in relation to the Acquisition should be sent to them in hard copy form. If you have received this Announcement in electronic form or via a website notification, hard copies of this Announcement and any document or information incorporated by reference into this document will not be provided unless such a request is made.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Rule 2.9 Disclosure

In accordance with Rule 2.9 of the Takeover Code, SMS confirms that as at the date of this Announcement, it has in issue and admitted to trading on AIM 133,606,918 ordinary shares of £0.01 each (excluding ordinary shares held in treasury). The International Securities Identification Number (ISIN) of the ordinary shares is GB00B4X1RC86.

General

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

APPENDIX I
CONDITIONS AND FURTHER TERMS OF THE SCHEME AND THE ACQUISITION

Part A: Conditions to the Scheme and Acquisition

1. The Acquisition will be conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Takeover Code, by no later than 11.59 p.m. (London time) on the Long Stop Date.

Conditions of the Scheme

2. The Scheme will be subject to the following Conditions:
 - (a) (i) its approval by a majority in number representing not less than 75 per cent. in value of Scheme Shares held by SMS Shareholders who are on the register of members of SMS (or the relevant class or classes thereof) at the Voting Record Time, present, entitled to vote and who vote, whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court (or, in each case, any adjournment thereof), and (ii) such Court Meeting being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and SMS with the consent of the Panel (and that the Court may approve if required));
 - (b) (i) the Special Resolutions being duly passed by the requisite majority of the SMS Shareholders at the SMS General Meeting (or any adjournment thereof) and (ii) such SMS General Meeting being held on or before the 22nd day after the expected date of the SMS General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and SMS with the consent of the Panel (and that the Court may approve if required)); and
 - (c) (i) the sanction of the Scheme by the Court (with or without modification (but subject to such modification being acceptable to Bidco and SMS)) and the delivery of a copy of the Court Order to the Registrar of Companies; and (ii) the Sanction Hearing being held on or before the 22nd day after the expected date of the Sanction Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and SMS with the Panel (and that the Court may approve if required)).

General Conditions

3. In addition, subject as stated in Part B below and to the requirements of the Panel, Bidco and SMS have agreed that the Acquisition will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

Other Third Party clearances

- (a) no relevant government or governmental, quasi-governmental, supranational, statutory, regulatory, administrative, environmental, professional or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction (each a “**Third Party**”) having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and, in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything or having enacted, made or proposed any statute, regulation, decision, order or change to published practice (and, in each case, not having withdrawn the same) and there not continuing to be

outstanding any statute, regulation, decision or order which would or might be expected to:

- (i) require, prevent or materially delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Bidco Group or any member of the Wider SMS Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own, control or manage any of their respective assets or properties or any part thereof which, in each case, is or would be material in the context of the Wider Bidco Group or the Wider SMS Group taken as a whole;
- (ii) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Bidco Group directly or indirectly to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider SMS Group or to exercise management control over any such member, which, in each case, is or would be material in the context of the Wider Bidco Group or the Wider SMS Group taken as a whole;
- (iii) otherwise adversely affect all or any of the business, assets, profits or prospects of any member of the Wider Bidco Group or of any member of the Wider SMS Group to an extent which is, in each case, material in the context of the Wider Bidco Group or the Wider SMS Group taken as a whole;
- (iv) make the Acquisition or its implementation or the acquisition or proposed acquisition by Bidco or any member of the Wider Bidco Group of any shares or other securities in, or control of SMS void, illegal, and/or unenforceable under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prevent, prohibit or delay or otherwise adversely interfere with the same, or impose additional conditions or obligations with respect thereto, or otherwise challenge or interfere therewith;
- (v) require (other than pursuant to the implementation of the Scheme or, if applicable, sections 974 to 991 of the Companies Act) any member of the Wider Bidco Group or the Wider SMS Group to acquire or to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider SMS Group or the Wider Bidco Group or any asset owned by any third party where such acquisition would, in each case, be material in the context of the Wider Bidco Group or the Wider SMS Group taken as a whole;
- (vi) impose any material limitation on or result in any material delay in the ability of any member of the Wider Bidco Group or any member of the Wider SMS Group to conduct, integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Bidco Group and/or the Wider SMS Group in a manner which is material in the context of the Wider SMS Group taken as a whole or in the context of the Acquisition; or
- (vii) result in any member of the Wider SMS Group ceasing to be able to carry on business under any name under which it presently does so, to an extent which is material in the context of the Wider SMS Group taken as a whole,

and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could decide to take, institute, implement or

threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Acquisition or proposed acquisition of any SMS Shares or otherwise intervene having expired, lapsed, or been terminated;

- (b) all filings, applications and/or notifications which are necessary or considered appropriate by Bidco (acting reasonably) having been made in connection with the Acquisition and all relevant waiting periods and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Acquisition or the acquisition by any member of the Wider Bidco Group of any shares or other securities in, or control or management of, SMS or any member of the Wider SMS Group or the carrying on by any member of the Wider SMS Group of its business;
- (c) all necessary authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals (including following a referral to a Member State) for the proposed Acquisition and, except pursuant to Chapter 3 of Part 28 of the Companies Act, the proposed acquisition of any shares or other securities in, or control of, SMS by any member of the Wider Bidco Group having been obtained in terms and in a form reasonably satisfactory to Bidco from all necessary Third Parties or persons with whom any member of the Wider SMS Group has entered into contractual arrangements, and all such authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals, together with all authorisations, orders, recognitions, grants, licences, confirmations, clearances, permissions and approvals, which are necessary or appropriate to carry on the business of any member of the Wider SMS Group, remaining in full force and effect and all filings necessary for such purpose have been made and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same at the time at which the Acquisition becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;

Circumstances arising as a result of any arrangement, agreement etc.

- (d) except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider SMS Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Acquisition or the proposed acquisition by any member of the Wider Bidco Group of any shares or other securities in SMS or because of a change in the control or management of any member of the Wider SMS Group or otherwise, would reasonably be expected to result in, in each case to an extent which is material in the context of the Wider SMS Group taken as a whole or in the context of the Acquisition:
 - (i) any monies borrowed by, or any other indebtedness or liabilities, actual or contingent of, or any grant available to, any member of the Wider SMS Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (ii) the rights, liabilities, obligations, interests or business of any member of the Wider SMS Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider SMS Group in or with any other firm or company or body or

person (or any agreement or arrangement relating to any such business or interests) being or becoming capable of being terminated or adversely modified or affected or any onerous obligation or liability arising or any action being taken or arising thereunder;

- (iii) any member of the Wider SMS Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (iv) any assets or interests of any member of the Wider SMS Group being or failing to be disposed of or charged or ceasing to be available to any such member or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider SMS Group otherwise than in the ordinary course of business;
- (v) the creation, save in the ordinary and usual course of business, or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider SMS Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen), becoming enforceable;
- (vi) the financial or trading position or prospects of any member of the Wider SMS Group being prejudiced or adversely affected;
- (vii) the creation or acceleration of any liabilities (actual or contingent) by any member of the Wider SMS Group other than trade creditors or other liabilities incurred in the ordinary course of business;
- (viii) any liability of any member of the Wider SMS Group to make any severance, termination, bonus or other payment to any of its directors or other officers other than in the ordinary course of business; or
- (ix) any requirement of any member of the Wider SMS Group to acquire, subscribe, pay up or repay any shares or other securities (or the equivalent),

and no event having occurred which, under any provision of any such agreement, arrangement, licence, permit or other instrument to which any member of the Wider SMS Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would or would reasonably be expected to result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (ix) of this Condition occurring, in each case which is or would be material in the context of the Wider SMS Group taken as a whole, or in the context of the Acquisition;

No material transactions, claims or changes in the conduct of the business of the Wider SMS Group

- (e) except as Disclosed, no member of the Wider SMS Group having since 31 December 2022:
 - (i) save as between SMS and the Wider SMS Group and/or on or in respect of the grant, exercise or vesting of options or awards granted in the ordinary course under the SMS Share Plans, issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of SMS Shares out of treasury;

- (ii) recommended, declared, paid or made or proposed or agreed to recommend, declare, pay or make any bonus issue, dividend or other distribution (whether payable in cash or otherwise) other than: (a) to SMS or one of its wholly-owned subsidiaries; and (b) the Second FY 2023 Dividend Instalment;
- (iii) save as between SMS and its wholly-owned subsidiaries or between such wholly-owned subsidiaries and other than pursuant to the Acquisition, merged with (by statutory merger or otherwise) or demerged from or acquired any body corporate, partnership or acquired or disposed of, or transferred, mortgaged or charged or created any security interest over, any material assets or any right, title or interest in any material asset or authorised, proposed or announced any intention to do so, in each case other than in the ordinary course of business;
- (iv) save as between SMS and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made, authorised, proposed or announced an intention to propose any change in its loan capital;
- (v) issued, authorised, or proposed or announced an intention to authorise or propose the issue of, or made any change in or to the terms of, any debentures or (save in the ordinary course of business and as between SMS and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or become subject to any contingent liability;
- (vi) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary, any material contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) except in the ordinary course of business which is of a long term, unusual or onerous nature or magnitude, or which is or is likely to be restrictive on the business of any member of the Wider SMS Group or which involves or could reasonably be expected to involve any obligation of such a nature or magnitude, in any such case to an extent which is material in the context of the Wider SMS Group taken as a whole or in the context of the Acquisition;
- (vii) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary the terms of or made any offer (which remains open for acceptance) to enter into or vary to a material extent the terms of, any contract, commitment, arrangement or any service agreement with any director or senior executive of the Wider SMS Group (save for salary increases, bonuses or variations of terms in the ordinary course);
- (viii) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme, or other benefit relating to the employment or termination of employment of any employee of the Wider SMS Group and in each case which is material in the context of the Wider SMS Group taken as a whole or in the context of the Acquisition, other than in the ordinary course or in accordance with the terms of the Acquisition or as agreed with the Panel and/or Bidco;
- (ix) in relation to any pension scheme or other retirement, leaving service or death benefit arrangement established for any directors, former directors, employees or former employees of any entity in the Wider SMS Group or their dependants and established by a member of the Wider SMS Group (a "**Relevant Pension Plan**"), made, agreed or consented to or procured any significant change to the basis on which benefits accrue, pensions are

payable or the persons entitled to accrue or be paid benefits, under any Relevant Pension Plan which is material in the context of the Wider SMS Group taken as a whole or in the context of the Acquisition, and other than as required in accordance with applicable law;

- (x) established or proposed the establishment of any Relevant Pension Plan to the extent which is material in the context of the Wider SMS Group taken as a whole or in the context of the Acquisition, and other than as required in accordance with applicable law;
- (xi) entered into, implemented or effected, or authorised the entry into, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities (other than the Scheme and otherwise than in the ordinary course of business) which in any such case is material in the context of the Wider SMS Group taken as a whole or in the context of the Acquisition;
- (xii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;
- (xiii) other than with respect to claims between SMS and its wholly owned subsidiaries (or between such subsidiaries), waived, compromised or settled any claim which is material in the context of the Wider SMS Group taken as a whole or in the context of the Acquisition;
- (xiv) made any alteration to its articles of association or other constitutional documents which is material in the context of the Acquisition (in each case, other than in connection with the Scheme);
- (xv) (other than in respect of a member of the Wider SMS Group which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any administrator, receiver, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
- (xvi) been unable, or admitted in writing that it is unable, to pay its debts, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business which is material in the context of the Wider SMS Group taken as a whole or in the context of the Acquisition;
- (xvii) commenced negotiations with or entered into any arrangement with any of its creditors with a view to rescheduling or restructuring any of its indebtedness which, in any such case, is material in the context of the Wider SMS Group taken as a whole or in the context of the Acquisition;
- (xviii) entered into any contract, commitment, agreement or arrangement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition;

- (xix) terminated or varied the terms of any agreement or arrangement between any member of the Wider SMS Group and any other person in a manner which would have a material adverse effect on the financial position of the Wider SMS Group taken as a whole; or
- (xx) having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of SMS Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;

No material adverse change, litigation or regulatory enquiry

- (f) since 31 December 2022, and except as Disclosed, there having been:
 - (i) no adverse change and no circumstances having arisen which would be expected to result in any adverse change in the business, assets, financial or trading position, profits, prospects or operational performance of any member of the Wider SMS Group to an extent which is material to the Wider SMS Group taken as a whole or in the context of the Acquisition;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider SMS Group is or may become a party (whether as claimant or defendant or otherwise), and no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Third Party against or in respect of any member of the Wider SMS Group having been threatened, announced or instituted by or against, or remaining outstanding in respect of, any member of the Wider SMS Group, in each case, which is material in the context of the Wider SMS Group taken as a whole or in the context of the Acquisition;
 - (iii) no contingent or other liability having arisen, increased or become apparent to Bidco other than in the ordinary course of business which is reasonably likely to adversely affect the business, assets, financial or trading position, or profits of any member of the Wider SMS Group, to an extent which is material in the context of the Wider SMS Group taken as a whole;
 - (iv) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider SMS Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which would reasonably be expected to have a material adverse effect on the Wider SMS Group taken as a whole or in the context of the Acquisition; and
 - (v) no member of the Wider SMS Group having conducted its business in material breach of any applicable laws and regulations which in any case is material in the context of the Wider SMS Group taken as a whole;
- (g) except as Disclosed, Bidco not having discovered:
 - (i) that any financial, business or other information concerning the Wider SMS Group publicly announced and delivered by or on behalf of SMS via a Regulatory Information Service or otherwise or disclosed to any member of the Wider Bidco Group at any time prior to this Announcement by or on behalf of any member of the Wider SMS Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which was not subsequently corrected before the date of this Announcement by disclosure by or on behalf of the Wider SMS Group through the publication of an announcement via a

Regulatory Information Service or otherwise, in any case, which is material in the context of the Wider SMS Group taken as a whole or in the context of the Acquisition; or

- (ii) that any member of the Wider SMS Group, otherwise than in the ordinary course of business, is subject to any liability (actual or contingent) and which is not disclosed in the 2022 SMS Annual Report, which is material in the context of the Wider SMS Group taken as a whole or in the context of the Acquisition;

Environmental liabilities

- (h) except as Disclosed, Bidco not having discovered, in each case, to an extent which is materially adverse in the context of the Wider SMS Group taken as a whole or in the context of the Acquisition, that:
 - (i) any past or present member of the Wider SMS Group has failed to comply in any material respect with any applicable legislation or regulations, of any jurisdiction with regard to the use, storage, carriage, disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair materially the environment (including property) or harm human health or otherwise relating to environmental matters or the health and safety of humans, which would be likely to give rise to any material liability (actual or contingent) on the part of any member of the Wider SMS Group; or
 - (ii) there is, or is likely to be, for that or any other reason whatsoever, any material liability (actual or contingent) of any past or present member of the Wider SMS Group to make good, repair, reinstate or clean up any property now or previously owned, occupied, operated or made use of or controlled by any such past or present member of the Wider SMS Group, under any environmental legislation, regulation, notice, circular or order of any government, governmental, quasi-governmental, state or local government, supranational, statutory or other regulatory body, agency, court, association or any other person or body in any jurisdiction;

Intellectual property

- (i) except as Disclosed and since 31 December 2022, no circumstance having arisen or event having occurred in relation to any intellectual property owned or used by any member of the Wider SMS Group which is materially adverse in the context of the Wider SMS Group taken as a whole or in the context of the Acquisition;

Anti-corruption and sanctions

- (j) except as Disclosed, Bidco not having discovered that:
 - (i) any past or present member, director, officer or employee of the Wider SMS Group or any person that performs or has performed services for or on behalf of any such company is or has, at any time engaged in any activity, practice or conduct (or omitted to take any action) in contravention of the UK Bribery Act 2010 and/or the US Foreign Corrupt Practices Act of 1977, as amended or any other applicable anti-corruption legislation;
 - (ii) any past or present member, director, officer or employee of the Wider SMS Group, or any other person for whom any such person may be liable or responsible, has, engaged in any activity or business with, or made any investments in, or made any funds or assets available to or received any funds or assets from: (a) any government, entity or individual in respect of

which United States, United Kingdom or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by United States, United Kingdom or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HM Treasury; or (b) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the United Kingdom the European Union or any of its member states, or any other governmental or supranational body or authority in any jurisdiction, except as may have been licensed by the relevant authority; and

- (iii) a member of the SMS Group has engaged in any transaction which would cause any member of the SMS Group to be in breach of any law or regulation on completion of the Acquisition, including of the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury or any government entity or individual targeted by any of the economic sanctions of the United Nations, United States or the European Union or any of its member states;

No criminal property

- (k) except as Disclosed, Bidco not having discovered that any asset of any member of the Wider SMS Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

Part B: Further terms of the Acquisition

1. Subject to the requirements of the Panel in accordance with the Takeover Code, Bidco reserves the right in its sole discretion to waive:
 - (a) any of the deadlines set out in paragraph 2 of Part A of this Appendix I for the timing of the Court Meeting, the SMS General Meeting and/or the Sanction Hearing. If any such deadline is not met, Bidco shall make an announcement by 8.00 a.m. (London time) on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with SMS to extend the deadline in relation to the relevant Condition; and
 - (b) in whole or in part, all or any of the Conditions listed in Part A above, except for Conditions 1, 2(a)(i), 2(b)(i) and 2(c)(i) (*Conditions of the Scheme*) which cannot be waived.
2. Conditions 3(a) to (k) (inclusive) must each be fulfilled or (if capable of waiver) be waived by Bidco by no later than 11.59 p.m. (London time) on the date immediately preceding the date of the Sanction Hearing, failing which the Acquisition will lapse. Bidco shall be under no obligation to waive (if capable of waiver) or treat as satisfied any of the Conditions that it is entitled (with the consent of the Panel) to invoke, by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
3. If Bidco is required by the Panel to make an offer for SMS Shares under the provisions of Rule 9 of the Takeover Code, Bidco may make such alterations to any of the above Conditions and terms of the Acquisition as are necessary to comply with the provisions of that Rule.
4. Under Rule 13.5(a) of the Takeover Code, Bidco may only invoke a Condition to the Acquisition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn with the consent of the Panel. The Panel will normally only give its consent if the circumstances

which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. This will be judged by reference to the facts of each case at the time that the relevant circumstances arise. The Conditions contained in paragraphs 1 and 2 of Part A above and, if applicable, any acceptance condition if the Offer is implemented by means of a Takeover Offer, are not subject to Rule 13.5(a) of the Takeover Code. Any Condition that is subject to Rule 13.5(a) of the Code may be waived by Bidco.

5. Bidco reserves the right to elect to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme (subject to the Panel's consent and the terms of the Co-operation Agreement). In such event, the Acquisition will be implemented on the same terms (subject to appropriate amendments including (without limitation) the inclusion of an acceptance condition set at a level permitted by the Panel and by the terms of the Co-operation Agreement (for so long as it remains in force) of the voting rights attaching to the SMS Shares) as those which would apply to the Scheme. Further, if sufficient acceptances of such offer are received and/or sufficient SMS Shares are otherwise acquired, and the Takeover Offer becomes or is declared unconditional in all respects, it is the intention of Bidco to apply the provisions of the Companies Act to acquire compulsorily any outstanding SMS Shares to which such Takeover Offer relates.
6. The Scheme will be governed by Scots law and be subject to the jurisdiction of the Court and to the Conditions set out above and the full terms to be set out in the Scheme Document. The Acquisition will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the Financial Conduct Authority, the AIM Rules and the Registrar of Companies.
7. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
8. The Scheme Shares will be acquired by Bidco fully paid and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights existing at the Effective Date or thereafter attaching or accruing to them, including (without limitation) the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of value (whether by way of reduction of share capital, repurchase or redemption or otherwise) made, on or after the Effective Date in respect of the SMS Shares.
9. If, on or after the date of this Announcement and prior to the Effective Date, any dividend, distribution or other return of value is declared, paid or made or becomes payable by SMS in respect of the SMS Shares (including the Third and Fourth FY 2023 Dividend Instalments, but other than the Second FY 2023 Dividend Instalment expected to be paid on 25 January 2024), Bidco reserves the right (without prejudice to any right of Bidco, with the consent of the Panel, to invoke the Condition set out in paragraph 3(e)(ii) of Part A of this Appendix I) to reduce the consideration payable under the terms of the Acquisition for the SMS Shares to reflect the aggregate amount of such dividend, distribution or other return of value or excess. In such circumstances, SMS Shareholders would be entitled to retain any such dividend, distribution or other return of value declared, made or paid.

If and to the extent that any such dividend, distribution or other return of value is paid or made in respect of the SMS Shares prior to the Effective Date, and Bidco exercises its rights under this paragraph 9 to reduce the consideration payable under the terms of the Acquisition for the SMS Shares, any reference in this Announcement to the consideration payable under the terms of the Acquisition shall be deemed to be a reference to the consideration as so reduced.

If and to the extent that any such dividend, distribution or other return of value has been declared or announced but not paid or made or is not payable in respect of the SMS Shares prior to the Effective Date or by reference to a record date prior to the Effective Date or is (i) transferred pursuant to the Acquisition on a basis which entitles Bidco to receive the dividend, distribution or other return of value and to retain it; or (ii) cancelled before payment,

the consideration payable under the terms of the Acquisition for the SMS Shares shall not be subject to change in accordance with this paragraph 9.

Any exercise by Bidco of its rights referred to in this paragraph 9 shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Scheme or the Acquisition.

10. Unless otherwise determined by Bidco or required by the Code and permitted by applicable law and regulations, the Acquisition is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction.
11. The Acquisition will be subject, inter alia, to the satisfaction (or waiver, if permitted) of the Conditions and certain further terms which are set out in this Appendix I and those terms which will be set out in the Scheme Document and such further terms as may be required to comply with the AIM Rules and the provisions of the Takeover Code.
12. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. Further information in relation to Overseas Shareholders will be contained in the Scheme Document.

APPENDIX II
SOURCES OF INFORMATION AND BASES OF CALCULATION

1. As at the Latest Practicable Date, there were 133,606,918 SMS Shares in issue.
2. As at the Latest Practicable Date, it is expected that a maximum of a further 4,527,602 SMS Shares may be issued on or after the date of this Announcement following the exercise of options under the SMS Share Plans. This figure includes an estimate of the number of SMS Shares that will be subject to ordinary course options to be granted under the SMS Share Plans following the date of this Announcement.
3. Any references to the issued and to be issued share capital of SMS are each based on:
 - (a) the 133,606,918 SMS Shares referred to in paragraph (1) above; and
 - (b) the 4,527,602 SMS Shares that it is estimated as at the Latest Practicable Date may be issued pursuant to the SMS Share Plans referred to in paragraph (2) above.
4. The value attributed to the existing issued and to be issued ordinary share capital of the Company is based upon a fully diluted share capital figure of 138,134,520 SMS Shares as calculated in paragraph (3) above.
5. The fully diluted equity value is based on the issued and to be issued share capital of SMS as set out above.
6. The enterprise value of approximately £1.4 billion is based on the reported net debt of £96 million as at 30 June 2023 as set out in the 2023 SMS Interim Results.
7. Unless stated otherwise, all prices quoted for SMS Shares are Closing Prices.
8. Volume weighted average prices are derived from Bloomberg.
9. Certain figures included in this announcement have been subject to rounding adjustments.

APPENDIX III IRREVOCABLE UNDERTAKINGS

SMS Directors' Irrevocable Undertakings

The following SMS Directors have given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Special Resolutions to be proposed at the SMS General Meeting (or, if Bidco, with the consent of the Panel, subsequently structures the Acquisition as a Takeover Offer, to accept any Takeover Offer made by Bidco in accordance with the terms of the irrevocable undertaking) in relation to the following SMS Shares:

Name of SMS Director	Number of SMS Shares in respect of which undertaking is given	Percentage of SMS issued ordinary share capital*
Tim Mortlock	72,228	0.0541%
Gail Blain	2,717	0.0020%
Miriam Greenwood	32,049	0.0240%
Graeme Bissett	22,911	0.0171%
Jamie Richards	8,611	0.0064%
Ruth Leak	2,825	0.0021%

** based on the number of SMS Shares in issue on the Latest Practicable Date.*

These undertakings will cease to be binding only if:

- the Scheme or Offer has not become effective or been declared unconditional in all respects in accordance with the requirements of the Code (as the case may be) by 6.00pm on the Long Stop Date;
- the Scheme or Offer has become effective or unconditional (as applicable) in accordance with its terms;
- Bidco announces, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new, revised or replacement Offer or Scheme is announced in accordance with Rule 2.7 of the Code at the same time;
- the Offer or Scheme lapses or is withdrawn in accordance with its terms and Bidco does not publicly confirm by such time that it intends to proceed with the Acquisition or to implement the Acquisition by way of a Takeover Offer or otherwise; or
- any competing offer for the entire issued and to be issued share capital of the Company becomes or is declared wholly unconditional or, if proceeding by way of a scheme of arrangement, becomes effective.

If Bidco exercises the right to switch to a Takeover Offer, these irrevocable undertakings shall continue to be binding in accordance with their terms.

APPENDIX IV DEFINITIONS

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

“2022 SMS Annual Report”	the annual report and audited accounts of the SMS Group for the year ended 31 December 2022;
“2023 SMS Interim Results”	the interim results of the SMS Group for the half year ended 30 June 2023, as announced by SMS on 12 September 2023;
“Acquisition”	the proposed acquisition by Bidco of the entire issued, and to be issued, ordinary share capital of SMS not already owned or controlled by the Bidco Group, to be implemented by means of the Scheme, or should Bidco so elect in accordance with the terms of the Co-operation Agreement with the consent of the Panel, by means of a Takeover Offer, on the terms and subject to the conditions set out in the Scheme Document (or the Offer Document as applicable) and where the context admits, any subsequent revision, variation, extension or renewal thereof;
“Acquisition Price”	955 pence per SMS Share;
“AIM”	AIM, the market of that name operated by the London Stock Exchange;
“AIM Rules”	the rules of AIM as set out in the “AIM Rules for Companies” issued by the London Stock Exchange from time to time relating to AIM traded securities and the operation of AIM;
“Announcement”	this Announcement made pursuant to Rule 2.7 of the Takeover Code, including its summary and Appendices;
“Appendices”	the appendices to this Announcement and Appendix has a corresponding meaning;
“Articles”	the articles of association of SMS from time to time;
“Bidco”	Sienna Bidco Limited, a newly-incorporated private limited company incorporated in England and Wales;
“Bidco Group”	Bidco and its parent undertakings and its and such parent undertakings’ subsidiary undertakings and associated undertakings;
“Business Day”	a day, not being a public holiday, Saturday or Sunday, on which clearing banks in London and Edinburgh are open for normal business;
“Cavendish”	Cavendish Securities plc;
“Clean Team Agreement”	the clean team agreement between Kohlberg Kravis Roberts & Co. Partners LLP and SMS dated 16 November 2023;
“Closing Price”	the closing middle market price of a SMS Share as derived from the Daily Official List on any particular date;
“Companies Act”	the Companies Act 2006, as amended from time to time;

“Conditions”	the conditions to the implementation of the Acquisition, as set out in Appendix I to this Announcement and to be set out in the Scheme Document;
“Confidentiality Agreement”	the confidentiality agreement between Kohlberg Kravis Roberts & Co. Partners LLP and SMS dated 14 October 2023;
“Co-operation Agreement”	the co-operation agreement between Bidco and SMS dated 7 December 2023;
“Court”	the Court of Session at Parliament House, Parliament Square, Edinburgh, EH1 1RQ;
“Court Meeting”	the meeting of Scheme Shareholders (or the relevant class or classes thereof) to be convened at the direction of the Court pursuant to Part 26 of the Companies Act at which a resolution will be proposed to approve the Scheme, including any adjournment, postponement or reconvening thereof;
“Court Order”	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act;
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations);
“Daily Official List”	the daily official list of the London Stock Exchange;
“Dealing Disclosure”	an announcement by a party to an offer or a person acting in concert as required by Rule 8 of the Takeover Code;
“Disclosed”	the information: (i) disclosed by or on behalf of SMS in the 2023 SMS Interim Results or the 2022 SMS Annual Report; (ii) disclosed by or on behalf of SMS in this Announcement; (iii) disclosed by or on behalf of SMS in any other announcement to a Regulatory Information Service before the date of this Announcement; or (iv) and matters fairly disclosed by or on behalf of SMS, including via the Co-operation Agreement, the virtual data room operated by or on behalf of SMS in respect of the Acquisition or via e-mail, before the date of this Announcement to KKR or Bidco (including to their respective officers, employees, agents or advisers in their capacity as such in respect of the Acquisition);
“Effective”	(i) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms, upon the delivery of the Court Order to the Registrar of Companies; or (ii) if the Acquisition is implemented by way of the Offer, the Offer having been declared or having become unconditional in all respects in accordance with the requirements of the Takeover Code;
“Effective Date”	the date on which the Acquisition becomes Effective;
“Euroclear”	Euroclear UK & Ireland Limited;
“FCA” or “Financial Conduct Authority”	Financial Conduct Authority of the UK or its successor from time to time;
“FCA Handbook”	the FCA’s Handbook of rules and guidance as amended from time to time;

“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time;
“FY 2023”	the financial year beginning on 1 January 2023 and ending on 31 December 2023;
“Interim Facilities Agreement”	the interim facility agreement dated on or about the date hereof between, amongst others, Bidco and the Interim Lenders;
“Interim Lenders”	BNP Paribas S.A., HSBC Bank plc, National Westminster Bank Plc and Sumitomo Mitsui Banking Corporation, London Branch;
“Investec”	Investec Bank plc;
“KKR”	Kohlberg Kravis Roberts & Co. L.P. and its affiliates;
“Latest Practicable Date”	6 December 2023, being the latest Business Day prior to date of this Announcement;
“London Stock Exchange”	the London Stock Exchange plc or its successor;
“Long Stop Date”	31 May 2024 or such later date as may be agreed in writing between Bidco and SMS, with the approval of the Court and the Panel if required;
“Macquarie Capital”	Macquarie Capital (Europe) Limited;
“Morgan Stanley”	Morgan Stanley & Co. International plc;
“Meetings”	the Court Meeting and the SMS General Meeting;
“Offer” or “Takeover Offer”	subject to the consent of the Panel and the terms of the Cooperation Agreement, should the Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the offer to be made by or on behalf of Bidco to acquire the entire issued and to be issued share capital of SMS, other than SMS Shares owned or controlled by the Bidco Group and, where the context admits, any subsequent revision, variation, extension or renewal of such offer;
“Offer Document”	if the Acquisition is implemented by means of a Takeover Offer, the document to be sent or made available to SMS Shareholders and persons with information rights containing, amongst other things, the full terms and conditions of the Acquisition;
“Offer Period”	the Offer Period (as defined by the Takeover Code) relating to SMS which commenced on 7 December 2023;
“Official List”	the Official List of the FCA;
“Opening Position Disclosure”	an announcement pursuant to Rule 8 of the Takeover Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the Acquisition;
“Overseas Shareholders”	holders of Scheme Shares who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom;

“Panel”	the UK Panel on Takeovers and Mergers;
“Pre-exceptional EBITDA”	statutory EBITDA excluding exceptional items;
“RBC”	RBC Europe Limited (trading as RBC Capital Markets);
“Registrar of Companies”	the registrar of companies in Scotland;
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), including as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018;
“Regulatory Information Service”	a regulatory information service as defined in the FCA Handbook;
“Relevant Authority”	any central bank, ministry, governmental, quasigovernmental, supranational (including the European Union), statutory, regulatory or investigative body, authority or tribunal (including any national or supranational antitrust, competition or merger control authority, any sectoral ministry or regulator and any foreign investment review body), national, state, municipal or local government (including any subdivision, court, tribunal, administrative agency or commission or other authority thereof), any entity owned or controlled by them, any private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or environmental body in any jurisdiction;
“relevant securities”	as the context requires, SMS Shares, other SMS share capital and any securities convertible into or exchangeable for, and rights to subscribe for, any of the foregoing;
“Restricted Jurisdiction”	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available in that jurisdiction;
“Sanction Hearing”	the Court hearing to sanction the Scheme and any adjournment, postponement or reconvening thereof;
“Scheme”	the proposed scheme of arrangement under Part 26 of the Companies Act to effect the Acquisition between SMS and the holders of the Scheme Shares (the full terms of which will be set out in the Scheme Document), with or subject to any modification, addition or condition which SMS and Bidco may agree, and, if required, the Court may approve or impose;
“Scheme Document”	the document to be sent to (amongst others) SMS Shareholders and persons with information rights containing, amongst other things, the terms and conditions of the Scheme and notices of the Meetings and information regarding the proxy forms in respect of the Meetings;
“Scheme Record Time”	the time and date to be specified in the Scheme Document, expected to be 6.00 p.m. (London time) on the Business Day immediately preceding the Effective Date (or such other date and/or time as Bidco and SMS may agree);

“Scheme Shareholders”	registered holders of Scheme Shares from time to time;
“Scheme Shares”	all SMS Shares: (i) in issue at the date of the Scheme Document and which remain in issue at the Scheme Record Time; (ii) (if any) issued after the date of the Scheme Document but before the Voting Record Time and which remain in issue at the Scheme Record Time; and (iii) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time on terms that the holder thereof shall be bound by the Scheme or in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme which remain in issue at the Scheme Record Time, excluding, in any case, any SMS Shares registered in the name of a subsidiary owned by Bidco, any member of the Bidco Group, funds, vehicles and/or accounts advised and/or managed by KKR or any nominee of any of the foregoing, and any Treasury Shares, in each case immediately prior to the Scheme Record Time;
“Second FY 2023 Dividend Instalment”	the interim dividend announced by the Company on 12 September 2023 of 8.31875 pence per SMS Share, comprising the second instalment of the intended dividend in respect of FY 2023, expected to be paid on 25 January 2024 to those SMS Shareholders who are on the register of members of the Company on 5 January 2024;
“SMS” or “Company”	Smart Metering Systems plc;
“SMS Board” or “SMS Directors”	the directors of SMS at the time of this Announcement or, where the context so requires, the directors of SMS from time to time;
“SMS General Meeting”	the general meeting of SMS Shareholders to be convened to consider and if thought fit pass, inter alia, the Special Resolutions in relation to the Scheme, including any adjournments, postponements or reconvening thereof;
“SMS Group”	SMS and its subsidiary undertakings and where the context permits, each of them;
“SMS Share(s)”	the existing unconditionally allotted or issued and fully paid ordinary shares of £0.01 each in the capital of SMS and any further such ordinary shares which are unconditionally allotted or issued before the Scheme becomes Effective;
“SMS Share Plans”	each of the SMS Unapproved Share Option Plan, adopted by SMS on 20 June 2011, the SMS Long Term Incentive Plan, the rules of which were approved by the SMS Shareholders on 19 May 2022, and the SMS Share Incentive Plan (as amended) originally adopted by SMS on 20 June 2011;
“SMS Shareholder(s)”	holders of SMS Shares from time to time;
“Special Resolutions”	the special resolution(s) to be proposed at the SMS General Meeting necessary to implement the Scheme, including (without limitation) a special resolution to implement certain amendments to be made to the articles of association of SMS;
“Takeover Code”	the City Code on Takeovers and Mergers issued by the Panel on Takeovers and Mergers, as amended from time to time;

“Third and Fourth FY 2023 Dividend Instalments”	the interim dividends announced by the Company on 12 September 2023, each of 8.31875 pence per SMS Share, comprising the third and fourth instalments of the intended dividend in respect of FY 2023, expected to be paid (in respect of the third instalment) on 25 April 2024 to those SMS Shareholders who are on the register of members of the Company on 5 April 2024 and (in respect of the fourth instalment) on 25 July 2024 to those SMS Shareholders who are on the register of members of the Company on 5 July 2024;
“Treasury Shares”	any SMS Shares which are held by or which become held by SMS as treasury shares (within the meaning of the Companies Act);
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland;
“Underlying Profit Before Tax”	profit before taxation excluding exceptional items and amortisation of certain intangibles; amortisation of the SMS Group’s enterprise resource planning system, which went live in full in 2020, remains within the underlying cost base of the business and is therefore a part of the SMS Group’s underlying profit measures;
“US” or “United States”	United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction;
“Volume Weighted Average Price”	the volume weighted average of the per share trading prices of SMS Shares on AIM as reported through Bloomberg;
“Voting Record Time”	the time and date to be specified in the Scheme Document by reference to which entitlement to vote on the Scheme will be determined, expected to be 6.00 p.m. on the day which is two Business Days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two Business Days before the date of such adjourned meeting;
“Wider Bidco Group”	Bidco, funds, vehicles and/or accounts advised and/or managed by KKR and their respective associated undertakings and any other body corporate partnership, joint venture or person in which Bidco and all such undertakings (aggregating their interests) have a direct or indirect interest of more than 30 per cent. of the voting or equity capital or the equivalent; and
“Wider SMS Group”	SMS and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which SMS and such undertakings (aggregating their interests) have a direct or indirect interest of more than 30 per cent. of the voting or equity capital or the equivalent (excluding, for the avoidance of doubt, Bidco, funds, vehicles and/or accounts advised and/or managed by KKR and all of their respective associated undertakings which are not members of the SMS Group).

For the purposes of this Announcement, “**subsidiary**”, “**subsidiary undertaking**”, “**undertaking**” and “**associated undertaking**” have the respective meanings given thereto by the Companies Act.

All references to “**pounds**”, “**pounds Sterling**”, “**Sterling**”, “**GBP**”, “**£**”, “**pence**” and “**p**” are to the lawful currency of the United Kingdom.

All references to “**US dollars**”, “**USD**”, “**US\$**”, “**\$**” and “**cents**” are to the lawful currency of the United States.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or reenacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

All times referred to are London time unless otherwise stated.

References to the singular include the plural and *vice versa*.