

EXPLANATORY CIRCULAR TO SHAREHOLDERS

ANNUAL GENERAL MEETING – 15 JUNE 2023

THIS CIRCULAR IS IMPORTANT AND REQUIRES
YOUR IMMEDIATE ATTENTION

This explanatory circular (the “**Circular**”) is being issued by Simonds Farsons Cisk p.l.c., a public limited liability company having Maltese registration number C 113 and registered office located at The Brewery, Mdina Road, Zone 2, Central Business District, Birkirkara, CBD 2010, Malta (the “**Company**”).

This Circular contains such information as would assist the members of the Company in making a properly informed decision with respect to an extraordinary resolution which is being proposed at the Company’s Annual General Meeting to be held on the 15 June 2023 at 1730 hrs (the “**Annual General Meeting**” or “**AGM**”).

This Circular is important and requires the attention of all Shareholders who shall be required to vote at the Company’s Annual General Meeting. Shareholders are advised that they should consider seeking the advice of an appropriate independent advisor before taking any decision on the matter.

This Circular is being sent to all persons appearing on the Company’s register of members as at close of business on the 16 May 2023 (the “**Shareholders**”). Where any or all of the shares in the Company held by a recipient of this Circular have been sold or transferred, this Circular, the notice of the Annual General Meeting and all other relevant documentation, or copies thereof, should be immediately passed on to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This Circular is being issued in compliance with the provisions of the Capital Markets Rules issued by the Malta Financial Services Authority (the “**Capital Markets Rules**”) particularly the requirements set out in Capital Markets Rule 6.2 on the contents of circulars and Capital Markets Rule 6.16 relating to amendments to the Memorandum and Articles of Association.

All the Directors of the Company as on the date hereof, namely, Mr Louis A. Farrugia, Mr Marcantonio Stagno d’Alcontres, Mr Roderick Chalmers, Mr Michael Farrugia, Dr Max Ganado, Ms Marina Hogg, Marquis Marcus J. Scicluna and Baroness Justine Pergola (together, the “**Directors**”) accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1. Introduction

In addition to the ordinary business being proposed at the Company’s forthcoming AGM, the Directors are also placing before the Shareholders, as special business, an extraordinary resolution regarding amendments to the Company’s Articles of Association. This Circular is being issued by the Company in furtherance of Rule 5.147 of the Capital Markets Rules.

An advisory vote regarding the Remuneration Report for the year ended 31 January 2023 is also being proposed as special business at the AGM. An explanation in respect of this item of the agenda has been provided in the Directors’ Report to the Financial Statements for the year ended 31 January 2023.

2. Special Business - Extraordinary Resolution – Amendment to the Articles of Association of the Company

Text of the proposed extraordinary resolution:

“To approve the amendments to specific articles of the Articles of Association of the Company as explained in the Circular to Shareholders dated 25 May 2023 and to proceed with the registration of a revised and updated copy of the Memorandum and Articles of Association with the Malta Business Registry.”

The proposed amendments, which have been approved by the Malta Financial Services Authority in accordance with Rule 5.146 of the Capital Market Rules are explained in further detail below.

(i) **Amendment of Article 2 of the Articles of Association of the Company to remove reference to “Senior Management Board”.**

(ii) **Amendment of Article 97 of the Articles of Association of the Company to provide as follows:**

97. The Company shall make a call for nominations for election to the office of Director in terms of Article 96. The call for nominations shall be made not more than ten (10) weeks before the date of the Annual General Meeting of the Company. The Company shall grant a period of at least fourteen (14) days to its Members for nominations and for the nominee’s acceptance of the nomination to be submitted. Such call for nominations may be made by notice published as an advertisement in at least two (2) daily newspapers. All such nominations shall, on pain of nullity, contain a notice in writing deposited at the Office of the Company signed by not less than ten (10) Shareholders duly qualified to attend and vote at such Annual General Meeting, proposing such person for election.

(iii) **Amendment of Article 98 of the Articles of Association of the Company to provide as follows:**

98. All Directors appointed under the provisions of Article 95 shall retire from office at least once every three years whereas all Directors elected under the provisions of Article 96 shall retire from office at the first Annual General Meeting of the Company following their election. A Director retiring from office at an Annual General Meeting shall retain office until the dissolution of such Meeting.

(iv) **Substitution of Article 99 of the Articles of Association of the Company with the following new Article 99:**

99. A retiring Director appointed in terms of Article 95, shall be eligible for re-appointment. A retiring Director elected in terms of Article 96 shall be eligible for re-election and in lieu of a notice signed by not less than ten (10) Shareholders as set out in Article 97 hereinabove, such retiring Director shall deposit at the Office of the Company a notice in writing signed by himself indicating his intention to stand for election.

(v) **Amendment of Article 110 of the Articles of Association of the Company to provide as follows:**

110. (1) An alternate Director may be appointed to act in the stead of a Director at one or more meetings of the Board of Directors which such Director is unable to attend, as follows:

(a) by the appointing Shareholder where the Director is appointed in terms of Article 95;
or

(b) by the Director himself where he is elected in terms of Article 96.

(2) Whenever a Director is unable to attend a meeting of the Board of Directors, he shall give the Company three (3) working days’ notice in writing under his hand and deposited at the Company’s registered office or by means of electronic mail addressed to the Company Secretary.

- (3) *Where an alternate Director is appointed pursuant to Article 110(1)(a), the appointing Shareholder shall, by notice in writing under his hand and deposited at the Company's registered office or by means of electronic mail addressed to the Company Secretary, notify the Company of the appointment of the alternate Director, who may act as such at any meeting of the Board of Directors until the end of the next following Annual General Meeting of the Company.*
- (4) *Where an alternate Director is appointed pursuant to Article 110(1)(b), the appointing Director shall, by notice in writing under his hand and deposited at the Company's registered office or by means of electronic mail addressed to the Company Secretary, notify the Company of the appointment of the alternate Director.*
- (5) *Where an alternate Director is appointed, the following provisions shall apply:*
 - (a) *Every alternate Director shall, while he holds such appointment be entitled to attend and to exercise all the rights and privileges of the Director he is substituting at all such Board of Director meetings at which such Director is not personally present.*
 - (b) *Every appointment of an alternate Director made in terms of Article 110(1) (a) shall ipso facto lapse if and when the Shareholder appointing him ceases for any reason to be a Shareholder or withdraws the appointment of such alternate Director by notice in writing under his hand and deposited at the Company's registered office or by means of electronic mail addressed to the Company Secretary.*
 - (c) *Every appointment of an alternate Director made in terms of Article 110(1)(b) shall ipso facto lapse if and when the Director appointing him ceases for any reason to be a Director or withdraws the appointment of such alternate Director by notice in writing under his hand and deposited at the Company's registered office or by means of electronic mail addressed to the Company Secretary.*
 - (d) *No alternate Director shall be entitled as such to receive any remuneration from the Company.*
 - (e) *A Director may act as alternate Director for another Director and shall be entitled to vote for such other Director as well as on his own account, and for the purpose of determining the quorum he shall be counted in both his said capacities.*
- (6) *Where the person appointed as alternate Director is unable to attend one or more meetings of the Board of Directors of the Company, the appointing Shareholder or the Director himself, as applicable, may appoint another person as alternate Director and shall notify the Company of such appointment by means of notice in writing deposited at the Company's registered office or by means of electronic mail addressed to the Company Secretary."*

Explanatory note: The proposed amendments are intended to streamline the provisions relating to the eligibility of retiring directors for re-appointment or re-election and to render the provisions governing the appointment of alternate Directors more flexible and efficient. The salient features of the amendments are explained below.

Never having been put into use, the Board of Directors is proposing the removal of the current Article 99 of the Articles of Association of the Company regarding the appointment of additional Directors. The Directors consider that a board composed of eight members is appropriate, taking into account the size of the Company and its operations. The current Article 99 is thus being substituted with a new Article 99 which is specifically dedicated to the eligibility of retiring directors for re-appointment or re-election. This has resulted in changes being made to Articles 97 and 98 for the purpose of removing therefrom references regarding this matter.

Article 110(1) of the Articles of Association of the Company provides that an alternate director may only be appointed when a Director is absent from Malta or when a Director is unable, through illness or other cause, to perform his duties as Director at one or more meetings of the Company. The Board of Directors is proposing an amendment to Article 110(1) so as to remove the current restrictions and enable the appointment of an alternate Director in all instances when a Director is unable to attend a

meeting. The effect of this amendment is that of ensuring that Board of Directors meetings are well-attended at all times and that the discussion of the issues set on the agenda is open to as many Board members as possible.

The new Article 110(2) provides that whenever a Director is unable to attend a meeting, he shall be required give the Company three working days' notice. From an organizational perspective, this would enable the Company to give adequate notice of the meeting to the alternate Director, whilst also granting the alternate Director such time as would be required to sufficiently prepare himself ahead of the meeting. Articles 110(3) and 110(4) provide that when an alternate Director is appointed, notification of the appointment is to be given to the Company by letter or by electronic mail. Article 110(3) also provides that an alternate Director appointed by a shareholder may serve as alternate Director at all such meetings of the Company, which the Director is unable to attend, for a period expiring at the end of the next following annual general meeting of the Company. This provision is aimed at rendering the process for the appointment of an alternate Director by a nominating shareholder more efficient by avoiding the need for multiple appointment and notification processes to be undertaken when the need arises.

In terms of Article 110(6), when a person appointed to act as alternate Director is himself unable to act as such, the appointing shareholder or appointing director, as applicable, shall proceed to appoint another person as alternate, and shall notify the Company of his appointment by means of letter or by electronic mail. This provision seeks to secure an active and continuous engagement of the Board of Directors.

3. Documents available for inspection

The following documents or certified copies thereof will be made available for inspection at the Company's registered office, located at The Brewery, Mdina Road, Zone 2, Central Business District, Birkirkara, CBD 2010, Malta for at least fourteen (14) days from the date of publication of the Circular:

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the Company's Annual Report and Accounts for the year ending 31 January 2023.

4. Directors' Recommendation

The Directors, having made the necessary considerations, are of the view that the proposed resolution is in the best interests of the Company and its shareholders as a whole. The Directors therefore recommend that Shareholders approve the proposed extraordinary at the forthcoming AGM of the Company.

25 May 2023

Approved and issued by Simonds Farsons Cisk p.l.c., a public limited liability company having Maltese registration number C 113 and registered office located at The Brewery, Mdina Road, Zone 2, Central Business District, Birkirkara, CBD 2010, Malta.