



ERM Share Program – Supplemental FAQs for October 2024 Interim Liquidity Event

This FAQ is focused on the FY25 interim liquidity event share. This will be available to partners via the Link Portal, under the FAQ section.

Will I have an opportunity to sell my shares during the KKR investment cycle?

The investment terms agreed with KKR provide for a series of liquidity events to occur, if there has been no sale, listing or similar exit transaction, offering an opportunity for Partners to liquidate their shareholdings ("Exit").

In each of the years following the third and fourth anniversary of the completion of the transaction with KKR (assuming no Exit has occurred), there will be the opportunity for eligible Partner shareholders to liquidate up to 10% of their holdings of A Preference Shares including the accrued gains (also referred to as a dividend or coupon) on those A Preference Shares in each year. This is referred to as an interim liquidity event.

The KKR transaction completed on 13 October 2021, so the third anniversary is 13 October 2024, and the fourth anniversary is on 13 October 2025.

Partners will be eligible to participate in one, or both, of the interim liquidity events, if they have held their A preference shares for at least three years prior to the relevant interim liquidity event date.

What is the price my A Preference Shares will be sold if I elect to participate in an interim liquidity event?

The price at which the A Preference Shares are sold will be the subscription price paid by the relevant ERM Partner plus the accrued and unpaid gains (also referred to as a dividend or coupon) on such A Preference Shares up to the sale date.

If by the fifth anniversary of the transaction (i.e. 13 October 2026) no Exit has occurred, then the investors have agreed to procure that an event will occur whereby Partners will be able to sell up to 50% of their total equity (referred to as a reset liquidity event). Total equity includes both Ordinary and Preference shares, *but any Preference share value liquidated in the previous interim liquidity events will be counted towards a Partner's 50% entitlement in a reset liquidity event.*

What will happen to the balance of my shares if I am only able to sell up to 50% of my total equity at the reset liquidity event?

It is envisaged that the remaining shares will be 'rolled-over' into a new management incentive program for the ERM group. The price at which the shares are sold will be fair market value for the Ordinary shares and, for the A Preference shares, the subscription price paid by the relevant ERM Partner plus the accrued and unpaid gains (also referred to as a dividend or coupon) on such A Preference Shares up to the sale date.

How will the valuation be calculated for the reset liquidity event?

The valuation for the reset liquidity event will be conducted by an independent third-party international investment bank or accountancy firm and the EBITDA multiple used will be no lower than the same entry multiple paid by KKR. Secondary valuation methodologies may also be used to inform the third-party valuation (e.g. discounted cash flows).

After the reset liquidity event, do I need to continue to hold a certain % of my original holding to remain an ERM Partner?

It is envisaged that after the reset liquidity event, if you want to remain an ERM Partner, you will need to hold at least 50% of your original holding. If you subsequently decide to leave, all ERM shares you hold at that time will be subject to the leaver buyback provisions and payment terms that will be agreed with KKR.

What happens if I want to retire and sell my shares after the reset liquidity event has concluded?

Discussions will need to take place with KKR in relation to whether we can provide for a further liquidity opportunity for Partners who are genuinely looking to retire. There will continue to be the option for ERM Partners to make discretionary requests to the Board to liquidate their shares in exceptional circumstances or on compassionate grounds. Note that all liquidity events are subject to availability of funding and relevant tax and regulatory considerations.

After the first reset liquidity event, do we know what will happen in the era after that (i.e. around the 10 year mark?)

The specifics of what might happen after the first reset liquidity event have not been agreed. There will be an equity reset as part of that event and a new equity structure and management incentive program put in place.

What is the current/future value of my ERM shares?



Please refer to the Link Investor Centre for information on your current shareholding, including information about the prevailing share price of your Ordinary shares and the accrued dividends on your Preference shares. For your historic shareholdings, you will need to refer to the quarterly share statements and transaction specific statements that have previously been provided to you, to document the number of shares of each class that you held and any accrued dividends on your Preference shares at a relevant statement date and any historic share transactions you participated in.

Can I get an illustration of the long-term value of my shares?

ERM shares are not a liquid or traded stock so there is no current trading price indicating market value. An opportunity to realize share value occurs as and when there is a transaction event (that is, a reset liquidity event). ERM cannot predict or provide assurances as to the future value or performance of its equity. Actual realizable value will depend on various factors linked to company performance over the long term.

The value of Ordinary shares (i.e. the equity value) is based on ERM's enterprise value, less our net debt, the subscription price of all Preference shares on issue and the accrued dividends on those Preference shares. There are two key drivers that impact the enterprise value of ERM (and therefore the value of Ordinary shares in ERM), EBITDA growth and the valuation multiple. Our strategy aims to deliver on both EBITDA growth and multiple growth.

Any statements or discussions regarding historic share values and private equity investment cycles are not to be construed as indicating what ERM believes will be achieved in any future scenario. The value of shares can go down as well as up and past performance is no guarantee of future outcomes. Potential share valuations are based upon numerous factors and assumptions, such as annual profit growth rates, cash and debt levels, the Company's capital structure and external market conditions, some of which are outside the control of the Company and its management. Relevant risk factors are described in the detailed Offering Memorandum provided at the time of each share offering.

I hold A Preference Shares that were issued at different times. Which of my A Preference Shares can I elect to sell in the 2024 interim liquidity event?

The process will default to the shares that were issued first, which will be the preference shares that have accrued the most dividend. There is no action required for you to select specific share issue dates as the default will apply to everyone who elects to participate.

Can I sell more than 10% of my A Preference shares?

At the 2024 interim liquidate event, eligible Partner shareholders will be able to sell up to 10% of the A Preference shares they hold at that time. There will be a further opportunity in October 2025 to sell another 10% of the A Preference shares you hold at that time, which will be available to Partner shareholders who have held their A Preference shares for at least 3 years by 13 October 2025.

**What happens if I elect to sell less than 10% of my A Preference shares?
Will I have another opportunity to sell the remainder?**

The 2024 interim liquidity event allows Partner shareholders to liquidate up to 10% of the A Preference shares they currently hold. You may opt to sell less than 10%, rounded to a number of whole shares. Any A Preference shares you are eligible to sell in the 2024 interim liquidity event which you do not sell will rollover and available to sell in the next liquidity event in October 2025.

If I don't sell any shares in October 2024, can I still participate in October 2025?

If you meet the eligibility criteria, you will be able to participate in the next interim liquidity event in October 2025. Partners who have held A Preference share for at least 3 years by 13 October 2025 will be eligible to participate in the 2025 interim liquidity event.

What impact does this have on the value of my shares?

The Interim Liquidity Event relates only to A Preference Shares. It does not have any direct impact on the value of Ordinary Shares.

When is the next opportunity (after the 2024 interim liquidity event) to realize the value of my shares?

Partners will be eligible to participate in the interim liquidity event in October 2025 and sell up to 10% of the A preference shares held at that point in time, if they have held those shares for at least three years by 13 October 2025 (that is, since 13 October 2022).

When and how will I receive payment?

Payment will be made by Link to eligible shareholders that elect to participate in the interim liquidity event around the end of November to the nominated bank account provided in the Interim Liquidity Election Form completed via the Liquidity Portal.

How will the proceeds of the sale of my A Preference shares be taxed?



The tax treatment of the disposal depends on the jurisdiction partners are based in and their own personal tax profile. As a result, it is the responsibility of the individual partner to ensure that they comply with the applicable tax requirements.

What if I put in my resignation or my employment is terminated before/during the interim liquidity event? Am I still eligible to participate?

Any known leavers and future dated leavers immediately prior to the interim liquidity event commencing will be excluded from the process.