Equiniti Share Plan Trustees Limited
Highdown House
Yeoman Way
Worthing
West Sussex
BN99 3HH
United Kingdom

This letter is important and explains the impact of the Offer on your SIP Shares and what you need to do. Please read this letter carefully.

26 June 2024

Dear Participant

Royal Mail Share Incentive Plan ("SIP") and the recommended offer for International Distribution Services plc by EP UK Bidco Limited

On 29 May 2024, International Distribution Services plc ("**IDS**") and EP UK Bidco Limited ("**Bidco**") announced that they had reached an agreement on the terms and conditions of a recommended cash offer to be made by Bidco for the entire issued and to be issued ordinary share capital of IDS (the "**Offer**").

The terms of the Offer are set out in full in the Offer Document sent to IDS Shareholders on 26 June 2024. A copy of the Offer Document is available on the IDS website at https://www.internationaldistributionservices.com/en/investors/recommended-offer-for-ids-plc-by-ep-uk-bidco-limited/.

1. Why are we writing to you?

We are writing to explain how, if the Offer proceeds to Completion, it will affect your SIP Shares and your rights in relation to those shares. SIP Shares cover: (i) Partnership Shares that you have chosen to purchase monthly from your pre-tax salary; (ii) Matching Shares that are awarded based on the number of Partnership Shares purchased; and (iii) any Free Shares you may have acquired in previous years. The SIP is administered by Equiniti Share Plan Trustees Limited (the "**SIP Trustee**").

An explanation of the defined terms used in this letter is provided at Appendix A. **Please read everything in this letter and the Appendices carefully; the contents are very important.**

To instruct the SIP Trustee to accept the Offer on your behalf, you will need to go to the SIP Offer website at https://idsoffer.shareview.info and under the section Royal Mail Share Incentive Plan, select "Learn more" where you will find the SIP Key Dates, Frequently Asked Questions, Key Documents and a section entitled "Accept the Recommended Offer".

You will need your unique references quoted in the enclosed cover letter to instruct the SIP Trustee to accept the Offer on your behalf.

If you wish to receive the cash proceeds at the earliest possible opportunity, you will need to do so no later than no later than 1.00 p.m. three business days before Completion.

Please note, if you participate in other IDS share plans or own IDS Shares in certificated form or in the Corporate Sponsored Nominee, you will receive separate letters about the effect of the Offer on those share awards or shares in due course. Please read those letters carefully as the treatment is different from the SIP.

2. What are the terms of the Offer?

The Offer will become effective when it becomes or is declared unconditional ("**Completion**"). This is currently expected to take place during the first quarter of 2025. The date of Completion will be announced to the market in due course and the SIP website will be updated accordingly.

If Completion happens, IDS, Royal Mail and their subsidiaries will be controlled by Bidco.

The terms of the Offer are set out in full in the Offer Document sent to IDS Shareholders on 26 June 2024. Copies of the Offer Document and this letter are available on the IDS website at https://www.internationaldistributionservices.com/en/investors/recommended-offer-for-ids-plc-by-ep-uk-bidco-limited/.

In summary, under the Offer:

- IDS Shareholders will be entitled to receive 360 pence in cash for each IDS Share they own;
- IDS Shareholders will receive a final dividend in respect of the Financial Year ended 31 March 2024 of 2 pence in cash per IDS Share (the "**2024 Final Dividend**") subject to the approval of IDS Shareholders, which is not conditional on Completion happening; and
- IDS Shareholders will receive a special dividend of 8 pence in cash per IDS Share (the "**Special Dividend**"), which will be conditional on Completion happening.

3. How does the Offer affect my SIP Shares?

The SIP will continue as normal until Completion.

You can choose whether to accept the Offer in respect of your SIP Shares. If you accept the Offer and Completion happens, your SIP Shares will be sold to Bidco for 360 pence in cash for each SIP Share. That is the same price as will be paid to all other IDS Shareholders.

If Completion does not happen for any reason, you will continue to own your SIP Shares as you do at the moment, subject to the SIP Rules.

Appendix B to this letter contains some FAQs with further details on how the Offer will affect your SIP Shares.

4. How do I accept the Offer?

You need to take action to accept the Offer. If you wish to accept the Offer, you are encouraged to do so as soon as possible.

To instruct the SIP Trustee to accept the Offer in respect of all your SIP Shares held at Completion, you will need to go to the SIP Offer website at https://idsoffer.shareview.info and under the section Royal Mail Share Incentive Plan, select "Learn more" where you will find the SIP Key Dates, Frequently Asked Questions, Key Documents and a section entitled "Accept the Recommended Offer".

You will need your unique references quoted in the enclosed cover letter to instruct the SIP Trustee to accept the Offer on your behalf.

If you wish to receive the cash proceeds at the earliest possible opportunity, you will need to give your instruction to accept the Offer no later than 1.00 p.m. three business days before Completion.

In deciding whether to sell your SIP Shares to Bidco, you should read the terms of the Offer set out in full in the Offer Document, which contains a recommendation from the IDS Board on the Offer.

If a Squeeze-Out happens, your SIP Shares will automatically be sold to Bidco, as explained below.

Please note that none of the SIP Trustee, Equiniti, IDS or Bidco will bear any responsibility or liability if you take no action or provide late, illegible and/or incorrect instructions. None of the SIP Trustee, Equiniti, IDS or Bidco are under any obligation to remind you to complete your instructions or to correct incorrect forms.

5. When will I receive the cash proceeds?

If you give your instruction to accept the Offer no later than 1.00 p.m. three business days before Completion, you will receive the cash proceeds from the sale of your IDS Shares to Bidco approximately three weeks after Completion once the proceeds have been received from Bidco.

The cash proceeds will be paid to your bank account held within the Equiniti system (or by cheque if the SIP Trustee does not have bank account details on file for you).

You can give an instruction to accept the Offer at any time until the Offer closes. It is not currently known when the Offer will close – this will be announced to the market in due course and the SIP website will be updated accordingly. If you give your instruction to accept the Offer after the deadline above, it will take longer to receive your proceeds.

6. What happens if I don't accept the Offer?

If you do not wish to accept the Offer, you do not need to take any action. The SIP Trustee will continue to hold your SIP Shares unless and until there is a Squeeze-Out, as explained below.

If Completion happens and Bidco holds 90% or more of the IDS Shares to which the Offer relates, Bidco may become entitled or bound under the Companies Act 2006 to acquire compulsorily, on the same terms as the Offer, the remaining IDS Shares in respect of which the Offer has not yet been accepted (a "**Squeeze-Out**"). This means that, if you do not accept the Offer, your SIP Shares may be automatically sold to Bidco sometime after Completion. More information can be found in the Offer Document.

Please note that there is no guarantee that a Squeeze-Out will take place.

7. Will I be entitled to the 2024 Final Dividend or the Special Dividend?

The IDS Directors intend to recommend the 2024 Final Dividend in accordance with IDS' existing dividend policy. If the 2024 Final Dividend is approved by IDS Shareholders at the 2024 annual general meeting, you will receive the 2024 Final Dividend in respect of all the SIP Shares you hold on 23 August 2024, regardless of whether Completion happens. The 2024 Final Dividend is expected to be paid on or around 30 September 2024 to your bank account held within the Equiniti system (or by cheque if the SIP Trustee does not have bank account details on file for you). If the 2024 Final Dividend is approved by IDS Shareholders, you will receive this even if you do not accept the Offer or even if Completion does not happen.

If the 2024 Final Dividend is not approved by IDS Shareholders, you will not receive the 2024 Final Dividend and there shall be no increase to the cash consideration for the Offer of 360 pence per IDS Share.

The IDS Directors also intend to declare the Special Dividend, which will be conditional on Completion happening; if not, there will be no Special Dividend. If Completion happens, you will receive the Special Dividend in respect of all the SIP Shares you hold on or around the date of Completion. You will receive the Special Dividend even if you do not accept the Offer. If the Offer does not proceed to Completion for any reason, there will be no Special Dividend.

The Special Dividend is expected to be paid to you approximately three weeks after Completion. The proceeds will be sent to your bank account held within the Equiniti system (or by cheque if the SIP Trustee does not have bank account details on file for you).

You will potentially be liable for dividend income tax on the value of the 2024 Final Dividend and Special Dividend – see below for more details.

8. What tax will I have to pay?

As the tax rules for each country are different, the final amount of tax and social security contributions you will have to pay depends on where you are resident for tax purposes. This section assumes you are resident and domiciled in the United Kingdom at all relevant times.

You should not have to pay income tax, National Insurance contributions or capital gains tax if you sell your SIP Shares directly out of the SIP trust to Bidco under the terms of the Offer.

You will potentially be liable for dividend income tax on the value of the 2024 Final Dividend and Special Dividend. You can receive up to £500 of dividend income tax free in the tax year ending 5 April 2025. Any dividend income above £500 received in the tax year ending 5 April 2025 will be taxable at the rate of 8.75% for basic rate taxpayers, 33.75% for higher rate taxpayers and 39.35% for additional rate taxpayers.

If you receive more than £500 of dividends in the tax year ending 5 April 2025, you will need to contact HMRC to arrange payment of any tax due. More information can be found at https://www.gov.uk/tax-on-dividends.

The timing of Completion and payment of the 2024 Final Dividend and the Special Dividend may affect your tax liability. The tax limits and rates above may change for any dividends received in the tax year ended 5 April 2026. If you receive any dividends in the tax year ending 5 April 2026 (e.g., if the Special Dividend is paid during the tax year ending 5 April 2026), you should check the applicable tax limits and rates and contact HMRC to arrange payment of any tax due.

If the SIP Trustee is holding any residual cash which was deducted from your salary but was insufficient to buy a SIP Share, the cash will be returned to you through the next available payroll after deduction of income tax and National Insurance contributions.

This information is intended as a general guide only and does not constitute tax advice to any individual participant. Please remember that tax law can and often does change, and you should not necessarily assume the current tax position will continue. **We strongly recommend that if you are unsure how your SIP Shares will be taxed, you seek advice from an independent financial or tax adviser.**

Please note that none of Equiniti, the SIP Trustee, IDS, Royal Mail, or any of their employees, can provide you with legal, personal tax or financial advice.

9. What if I have questions?

Appendix B to this letter contains some FAQs with further details on how the Offer will affect your SIP Shares.

If you have any questions that relate to the impact of the Offer on your SIP Shares, please visit the SIP Offer website at https://idsoffer.shareview.info or contact Equiniti on +44 (0) 330 123 0058. If you are calling from outside the United Kingdom calls will be charged at the applicable international rate. The Equiniti Employee Helpdesk is open from 8:30am to 5:30pm (U.K. time) Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes.

You may request a hard copy form of instruction, free of charge, by contacting Equiniti on +44 (0) 330 123 0058 or writing to Equiniti at Aspect House, Lancing, West Sussex, BN99 6DA. You may request that all future documents, announcements and information to be sent to you in relation to the Offer should be in hard copy form.

You should note that none of Equiniti, the SIP Trustee, IDS, Royal Mail, or any of their employees, can provide legal, tax, financial or investment advice on the Offer.

If you are in any doubt as to the contents of this letter and what action you should take, you are recommended to seek your own personal financial, legal and tax advice immediately from a stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser, duly authorised under the Financial Services and Markets Act 2000 (as amended), if you are resident in the United Kingdom, or, if resident elsewhere, another appropriately authorised independent financial adviser in the relevant jurisdiction. If you sell or have sold or otherwise transferred all of your IDS Shares (other than to Bidco pursuant to the Offer), please forward the Offer Document with the accompanying documentation (other than any documents or forms personalised to you), immediately to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. However, the Offer Document and any accompanying document must not be forwarded, distributed or transmitted in, into or from any Restricted Jurisdiction (as defined in the Offer Document). If you have sold or transferred only part of your holding of IDS Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

Yours faithfully,

Equiniti Share Plan Trustees Limited
Acting as the trustee of the Royal Mail Share Incentive Plan

Appendix A
A brief explanation of some definitions

"2024 Final Dividend" means the final dividend in respect of the Financial Year ended 31 March 2024 of 2 pence in cash per IDS Share;

"Bidco" means EP UK Bidco Limited, a private limited company owned indirectly by EP Corporate Group, a.s. and J&T Capital Partners, a.s. incorporated in England and Wales with registered number 15542876;

"Completion" means the Offer becoming or being declared unconditional;

"Financial Year ended 31 March 2024" means the 53-week financial period ended on 31 March 2024, in respect of IDS;

"Free Shares" means IDS Shares which were awarded to eligible employees following Royal Mail's privatisation in 2013 and subsequent awards;

"IDS" means International Distribution Services plc, a public limited company incorporated in England and Wales with registered number 08680755;

"IDS Board" means all the directors of IDS from time to time;

"IDS Shareholders" means the holders of IDS Shares from time to time;

"IDS Shares" means ordinary shares of 1p each in the capital of IDS;

"Matching Shares" means the IDS Shares awarded to you based on the number of Partnership Shares purchased;

"Offer" means the recommended offer by Bidco by means of a takeover offer as defined under Chapter 3 of Part 28 of the Companies Act 2006 for the entire issued, and to be issued, share capital of IDS other than the IDS Shares already owned or controlled by VESA on the terms set out in the Offer Document, including, where the context admits, any subsequent revision, variation, extension or renewal of such offer;

"Offer Document" means the document setting out the terms of the Offer sent to IDS Shareholders on 26 June 2024;

"Partnership Shares" means IDS Shares which were purchased by the SIP Trustee on your behalf using contributions deducted from your salary;

"SIP" means the Royal Mail Share Incentive Plan, as amended from time to time;

"SIP Rules" means the rules of the SIP (as amended from time to time);

"SIP Shares" means the IDS Shares held under the SIP by the SIP Trustee, including Partnership Shares, Matching Shares and Free Shares;

"SIP Trustee" means Equiniti Share Plan Trustees Limited as trustee of the SIP;

"Special Dividend" means a special dividend of 8 pence in cash per IDS Share;

"Squeeze-Out" means if the Offer becomes or is declared unconditional and Bidco holds 90% or more of the IDS Shares to which the Offer relates, Bidco may become entitled or bound under sections 979 to 982 or sections 983 to 985 of the Companies Act 2006 to acquire compulsorily, on the same terms as the Offer, the remaining IDS Shares in respect of which the Offer has not at such time been accepted; and

"VESA" means VESA Equity Investment S.à r.l., a private limited liability company formed under the laws of Grand Duchy in Luxembourg under number B215769.

Appendix B
FAQs

This Appendix B does not constitute tax, legal or financial advice and the treatment of your SIP Shares may depend on your particular individual circumstances. If you have any questions about your tax, legal or financial position, you are strongly advised to take independent tax, legal and/or financial advice.

1. How do I know how many SIP Shares I have?

You can access information about your SIP Shares via the ESP Portal at https://www.esp-portal.com/clients/RMG.

If you experience any difficulties registering or logging in, please contact the employee helpline on +44 (0) 330 123 0058. Lines are open 8.30am to 5.30pm (U.K. time), Monday to Friday excluding public holidays in England and Wales.

2. Can I choose to accept the Offer?

Yes, you can choose to instruct the SIP Trustee to accept the Offer on your behalf.

To instruct the SIP Trustee to accept the Offer in respect of all your SIP Shares held at Completion, you will need to go to the SIP Offer website at https://idsoffer.shareview.info and under the section Royal Mail Share Incentive Plan, select "Learn more" where you will find the SIP Key Dates, Frequently Asked Questions, Key Documents and a section entitled "Accept the Recommended Offer". You will need your unique references quoted in the enclosed cover letter to instruct the SIP Trustee to accept the Offer on your behalf.

It is not currently known when the Offer will close – this will be announced to the market in due course. If you wish to receive the cash proceeds at the earliest possible opportunity, you will need to accept the Offer no later than 1.00 p.m. three business days before Completion.

3. Can I withdraw my acceptance?

Yes, you can choose to withdraw your acceptance by going to the SIP Offer website at https://idsoffer.shareview.info and amending your instruction. Any such amendment must be made by no later than 1.00 p.m. three business days before Completion.

4. What if Completion does not happen?

If Completion does not happen for any reason, your SIP Shares will continue as normal, subject to the SIP Rules.

5. Will the SIP continue to operate after Completion?

No. The SIP will cease making further purchases of IDS Shares in the market shortly before Completion.

If you do not accept the Offer and Completion happens, the SIP Trustee will continue to hold your SIP Shares unless and until there is a Squeeze-Out, at which point they will be automatically sold to Bidco.

6. What happens to the SIP before Completion?

The SIP will continue to operate as normal until Completion. You will be able to continue purchasing Partnership Shares until shortly before Completion and will be awarded Matching Shares based on the number of Partnership Shares purchased.

7. What happens under the other IDS share plans?

If you also participate in any of the other IDS share plans, you will receive separate letters about the effect of the Offer on your share awards in due course. Please read those letters carefully as the treatment is different from the SIP.

8. What happens if I own IDS Shares in certificated form or in the Corporate Sponsored Nominee?

If you own IDS Shares in certificated form or in the Corporate Sponsored Nominee, you will receive a separate letter about the effect of the Offer on those IDS Shares. Please read that letter carefully as the treatment is different from the SIP.

9. What happens if I leave Royal Mail before Completion?

If you leave Royal Mail before Completion, the SIP leaver rules will apply in the normal way. More details can be found in the SIP booklet.

Sterling Financial Print
177211