

THIS LETTER AND THE ACCOMPANYING FORM OF INSTRUCTION ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Letter or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), if you are in the United Kingdom. If you are in a territory outside of the United Kingdom, you should immediately consult an appropriately authorised independent financial adviser.

musicMagpie PLC
Stockport Exchange
Railway Road
Stockport
England
SK1 3SW

AO Ltd
Unit 5a The Parklands
Lostock
Bolton
BL6 4SD

28 October 2024

*To the holders of options under the Entertainment Magpie Group Limited Unapproved Scheme and the Entertainment Magpie Group Limited Unapproved G & H Share Scheme 2021 (the “**Unapproved Schemes**”)*

Dear option holder

Recommended cash acquisition of musicMagpie PLC (“musicMagpie”) by AO Ltd (“AO Bidco”)

Introduction

On 2 October 2024, the AO Board and the musicMagpie Board announced that they had reached agreement on the terms of a recommended cash acquisition of the entire issued and to be issued share capital of musicMagpie by AO Bidco, a wholly-owned subsidiary of AO World PLC (the “**Acquisition**”).

Full details of the Acquisition are contained in the circular to musicMagpie Shareholders dated 28 October 2024 (the “**Scheme Document**”) which is available (subject to certain restrictions), free of charge, on musicMagpie’s website (www.musicmagpieplc.com/investors) and AO World PLC’s website (www.ao-world.com/investor-centre/offer/). You will also find a copy of this Letter on those websites.

This Letter tells you about the impact of the Acquisition on the option you hold under the relevant Unapproved Scheme(s) (the “**Option**”) and the decisions you are able to make.

Please read everything in this Letter, its appendices and the Form of Instruction carefully. **Their contents are very important.**

You will find a list of definitions in **Appendix A** which explain the key defined terms used in this Letter (any capitalised terms not included in Appendix A have the meaning given to them in the Scheme Document).

The Acquisition and the Scheme

The Acquisition is being implemented through what is known as a 'Scheme of Arrangement' (the “**Scheme**”). Under the terms of the Scheme, which is subject to the conditions and further terms set out in the Scheme Document, musicMagpie Shareholders will receive:

for each musicMagpie Share they own:

9.07 pence in cash

(the “Consideration”)

You should note that the Scheme is subject to the approval of the musicMagpie Shareholders, and is also subject to Court approval. The Court approval is known as “sanction”.

Your Option

You are receiving this Letter because you hold an Option under the Unapproved Schemes. This Letter sets out the proposals being made by AO Bidco in respect of your Option (at paragraph 2 of the “Impact of the Acquisition on your Option” section) (the “**Proposal**”), the alternatives open to you in relation to your Option, and the recommendation of the musicMagpie Directors (at paragraph 10 of the “Impact of the Acquisition on your Option” section).

In broad terms, the Proposal is that you exercise your Option using the enclosed Form of Instruction with such exercise conditional upon but to take effect immediately upon the Scheme being sanctioned by the Court, and sell each of the musicMagpie Shares you acquire on exercise for 9.07 pence in cash pursuant to the Scheme. The applicable exercise price and any income tax and employee and employer National Insurance contributions that musicMagpie is authorised or required to withhold or otherwise account for (see paragraphs 4 and 5 below) will be deducted from the Consideration you receive.

Action to take

If you wish to exercise your Option in accordance with the Proposal, please return a copy of the Form of Instruction duly signed, dated and completed to rachel@musicmagpie.co.uk AS SOON AS POSSIBLE AND IN ANY EVENT SO AS TO BE RECEIVED BY NO LATER THAN 5PM ON 18 NOVEMBER 2024.

If you want to remind yourself of any details regarding the Option you hold, please contact Rachel Coxon at rachel@musicmagpie.co.uk.

You will need to take action to realise value from your Option as this will not happen automatically. If you do not take any action, your Option will lapse on the Effective Date, unless it lapses earlier under the rules of the relevant Unapproved Scheme, and you will not receive any value for your Option.

Questions

If you have any questions on the contents of this Letter or how to complete the enclosed Form of Instruction, please contact Rachel Coxon at rachel@musicmagpie.co.uk. However, please be aware that no legal, tax, financial or investment advice on the Acquisition or its effect on your Option can be provided by musicMagpie or AO Bidco. **If you are in any doubt as to the action you should take, you should seek your own independent, professional advice.**

Yours faithfully

Steve Oliver

Mark Higgins

Director

**For and on behalf of:
musicMagpie PLC**

Director

**For and on behalf of:
AO Ltd**

IMPACT OF THE ACQUISITION ON YOUR OPTION

1. When can I exercise my Option?

Your Option is currently exercisable. The Proposal is that the Option is exercised upon the Scheme being sanctioned by the Court. To the extent that the Option is not exercised in connection with the Acquisition, it will lapse upon the Effective Date.

2. How do I exercise my Option?

The Proposal is that you exercise the Option to the maximum extent possible (or in respect of such lower number of musicMagpie Shares that you may choose), conditional on the Scheme being sanctioned by the Court at the Court Sanction Hearing and then have the resulting musicMagpie Shares automatically acquired by AO Bidco pursuant to the Scheme.

If you wish to exercise your Option and sell your musicMagpie Shares pursuant to the Scheme, **you should complete, sign and date the enclosed Form of Instruction and return a copy by e-mail to rachel@musicmagpie.co.uk as soon as possible and in any event so as to be received by no later than 5pm on 18 November 2024.** If you do so, the exercise of your Option will take effect immediately on the Scheme being sanctioned by the Court at the Court Sanction Hearing.

For each musicMagpie Share sold pursuant to the Scheme, you will be entitled to receive the Consideration of 9.07 pence (subject to the deduction of the applicable exercise price and any income tax and employee and employer National Insurance contributions that musicMagpie is authorised or required to withhold – see paragraphs 4 and 5).

3. If I submit my Form of Instruction when will the Consideration due for my musicMagpie Shares be paid to me?

Payment of the Consideration (following the deduction of the applicable exercise price and any income tax and employee and employer National Insurance contributions that musicMagpie is authorised or required to withhold – see paragraphs 4 and 5) will be made to you by musicMagpie, as agent for AO Bidco, in the next practicable payroll following the Effective Date.

4. Do I need to pay anything to exercise my Option?

There is an exercise price of between 0.0113p and 0.0167p per musicMagpie Share payable on the exercise of your Option. The aggregate exercise price payable will be deducted from the Consideration payable due to you in respect of the musicMagpie Shares that you acquire on exercise of your Option.

5. What tax will I have to pay if I exercise my Option?

Please see Appendix B, which sets out a brief summary of the UK tax consequences in relation to the exercise of your Option and the sale of any musicMagpie Shares you acquire as a result. Before you decide what action you would like to take, you should consider your personal tax position. If you are in any doubt as to your tax position, you should seek your own independent, professional tax advice immediately.

6. What happens if I leave employment with the musicMagpie Group?

In order to be able to exercise your Option in accordance with the Proposal, you must be an employee within the musicMagpie Group on the Sanction Date.

If you cease to be an employee within the musicMagpie Group before the Sanction Date, unless the musicMagpie Board determines otherwise, your Option will lapse on the date that your employment ceases even if you have previously submitted a Form of Instruction. In addition, if the musicMagpie Board so determines, you may not be able to exercise your Option in accordance with the Proposal if you are under notice of termination of employment on the Sanction Date.

7. Can I give my Option to someone else?

No, under the rules of the relevant Unapproved Scheme, you cannot transfer your Option.

8. What happens if I do nothing?

If you do not submit the Form of Instruction or otherwise exercise your Option, your Option will lapse on the Effective Date, or earlier under the rules of the relevant Unapproved Scheme.

9. What if I hold options under other musicMagpie Share Plans?

This Letter only relates to Options under the Unapproved Schemes. If you hold options under the SAYE, LTIP or SOP you will receive a separate communication. Please also read any such other communication carefully as the treatment of those options is different from the treatment of Options.

10. What is the view of the musicMagpie Directors?

The musicMagpie Directors recommend that you accept the Proposal. You should, however, consider your own personal circumstances, including your tax position, when making a decision regarding the Proposal.

The musicMagpie Directors, who have been so advised by Shore Capital as to the financial terms of the Proposal, consider the terms of the Proposal set out in this Letter to be fair and reasonable in the context of the Acquisition. In providing their advice to the musicMagpie Directors, Shore Capital has taken into account the commercial assessments of the musicMagpie Directors. Shore Capital is providing independent financial advice to the musicMagpie Directors for the purposes of Rule 15.2 of the City Code on Takeovers and Mergers.

The musicMagpie Directors recommend that you accept the Proposal.

11. How do I exercise my Option in accordance with the Proposal?

You should consider the Proposal set out in paragraph 2 carefully, keeping in mind your financial and tax position and the consequences of accepting the Proposal. If you are in any doubt you should seek your own independent financial advice.

If you wish to accept the Proposal you should complete, sign and date the enclosed Form of Instruction and return a copy by e-mail to rachel@musicmagpie.co.uk as soon as possible and in any event so as to be received by no later than 5pm on 18 November 2024.

If you take no action your Option will lapse on the Effective Date, unless they lapse earlier under the relevant Unapproved Scheme rules.

12. Important notes

Nothing in this Letter, its appendices or the Form of Instruction constitutes financial advice to any holder of musicMagpie Shares, share awards or share options (including Options) over musicMagpie Shares. None of musicMagpie, AO Bidco, AO World PLC, nor any of their employees, directors or advisers can provide legal, tax, financial or investment advice on the Acquisition.

If you have received this Letter electronically, you may request a hard copy of this Letter, free of charge, by emailing rachel@musicmagpie.co.uk. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.

If there are any differences between the information in this Letter, the Form of Instruction, and the rules of the Unapproved Schemes or any relevant legislation, then the rules of the relevant Unapproved Scheme and the legislation (as applicable) will prevail.

ACQUISITION SUMMARY

1. How does the Acquisition work?

The Acquisition will result in musicMagpie and its subsidiaries becoming wholly-owned subsidiaries of AO Bidco.

The Acquisition will be carried out through what is called a "Scheme of Arrangement". This is a procedure that has to be first approved by musicMagpie Shareholders at a shareholder meeting, with certain resolutions requiring approval at a separate shareholder meeting, which meetings are currently scheduled to be held on 20 November 2024, and then requires final approval by the Court on a date referred to in this Letter as the "Sanction Date" (see paragraph 3 below). This is not the date on which the Acquisition will be completed. The Acquisition is currently due to complete two business day after the Court Sanction Hearing when the Scheme becomes effective. If you want to read more about this, please go to the musicMagpie website at www.musicmagpieplc.com/investors or the AO World PLC website at www.ao-world.com/investor-centre/offer/ where you will find the Scheme Document that was sent to you and musicMagpie Shareholders around the date of this Letter as well as a copy of this Letter.

2. What can musicMagpie Shareholders receive under the Scheme?

The terms of the Scheme are set out in full in the Scheme Document. However, in summary (and subject to the terms of the Acquisition), for each musicMagpie Share sold to AO Bidco through the Scheme, a musicMagpie Shareholder will receive 9.07 pence in cash.

3. When will the Acquisition take place?

The date of the Court Sanction Hearing is still to be confirmed but it is expected to be in Q4 2024 or Q1 2025. The Effective Date is expected to be two business days after the Court Sanction Hearing, subject to musicMagpie Shareholder approval and receipt of the relevant regulatory approvals. An expected timeline of key events relating to the Acquisition is available in the Scheme Document.

Once the date of the Court Sanction Hearing is known, musicMagpie will announce this via a Regulatory Information Service (with such announcement being made available on musicMagpie's website at <https://www.musicmagpieplc.com/investors/regulatory-news>).

4. Will the Acquisition definitely go ahead?

The Acquisition is conditional on various approvals and consents including: (i) approval by musicMagpie Shareholders at meetings currently scheduled to be held on 20 November 2024; (ii) the satisfaction of certain other conditions to the Scheme; and (iii) the sanction of the Court. You should note that there is no certainty that musicMagpie Shareholders will approve the Acquisition nor that the Court will sanction the Scheme.

5. What if the Acquisition does not go ahead?

If the Scheme is not sanctioned by the Court, the Proposal will not proceed and your Option will continue as normal under the rules of the relevant Unapproved Scheme.

Notes

- 1 The release, publication or distribution of this Letter and/or any accompanying documents (in whole or in part) in or into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this Letter and any accompanying documents comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by law, musicMagpie PLC, AO World PLC and AO Ltd disclaim any responsibility or liability for the violation of such restrictions by such persons. This Letter does not constitute an offer or invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this Letter or otherwise in any jurisdiction in which such offer or solicitation is unlawful.
- 2 The musicMagpie Board, whose names are set out in paragraph 2.1 of Part VI of the Scheme Document, accept responsibility for the information contained in this Letter (including any expressions of opinion) other than the information for which responsibility is taken by others pursuant to paragraph 3 below. To the best of the knowledge and belief of the musicMagpie Board (having taken all reasonable care to ensure that such is the case) the information contained in this Letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 3 The AO Bidco Board and the AO Responsible Persons, whose names are set out in paragraphs 2.2 and 2.3 of Part VI of the Scheme Document, accept responsibility for the information contained in this Letter (including any expressions of opinion) relating to AO, the Wider AO Group, themselves, their close relatives and related trusts. To the best of the knowledge and belief of the AO Bidco Board and the AO Responsible Persons (having taken all reasonable care to ensure that such is the case) the information contained in this Letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 4 Shore Capital and Corporate Limited and Shore Capital Stockbrokers Limited (either individually or collectively "**Shore Capital**"), which are authorised and regulated by the Financial Conduct Authority in the United Kingdom, are acting exclusively for musicMagpie and no one else in connection with the matters set out in this Letter and will not regard any other person as their client in relation to such matters and will not be responsible to anyone other than musicMagpie for providing the protections afforded to clients of Shore Capital nor for providing advice in relation to the contents of, or any matter referred to in, this Letter or any transaction or arrangement referred to herein. Neither Shore Capital and Corporate Limited nor Shore Capital Stockbrokers Limited, nor any of their subsidiaries 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 Shore Capital in connection with this Letter, any statement contained herein, any transaction or arrangement referred to herein, or otherwise.
- 5 Shore Capital has given and not withdrawn its written consent to the issue of this Letter with the inclusion of references to its name in the form and context in which they are included.
- 6 Accidental omission to dispatch this Letter or the Form of Instruction to, or any failure to receive the same by, any person to whom the Proposal in this Letter is made or should be made will not invalidate the Proposal in any way.

- 7 Your Option is governed by the rules of the relevant Unapproved Scheme and the option agreements relating to your Option and in the event there are differences between this Letter and the rules of the relevant Unapproved Scheme, the option agreements or any relevant legislation, the rules of the relevant Unapproved Scheme, the option agreements or the legislation (as applicable) will prevail.
- 8 The statements contained in this Letter are not to be construed as legal, investment, financial or tax advice. If you are in any doubt as to the action you should take, you should seek your own independent professional advice.

Appendix A

Defined Terms

AO Bidco	AO Ltd, a private limited company incorporated in England and Wales with registered number 06861978
Consideration	9.07 pence payable by AO Bidco in cash for each musicMagpie Share
Court	the High Court of Justice in England and Wales
Court Sanction Hearing	the hearing of the Court to sanction the Scheme under section 899 of the Companies Act 2006
Effective	the Scheme having become effective pursuant to its terms, upon delivery of the order of the Court to the Registrar of Companies in England and Wales for registration
Effective Date	the date upon which the Scheme becomes Effective
Form of Instruction	the form of instruction provided with this Letter
Letter	this letter from musicMagpie and AO Bidco explaining the impact of the Acquisition on the Option
LTIP	the musicMagpie Long Term Incentive Plan
musicMagpie	musicMagpie PLC, a public limited company incorporated in England and Wales with registered number 12977343
musicMagpie Board or musicMagpie Directors	the directors of musicMagpie for the time being, including, where applicable, the remuneration committee of the board of directors of musicMagpie
musicMagpie Group	musicMagpie and its subsidiary undertakings for the time being
musicMagpie Shareholders	the holders of musicMagpie Shares
musicMagpie Shares	the ordinary shares of £0.01 each in the capital of musicMagpie

Option	an option to acquire musicMagpie Shares granted by musicMagpie under either Unapproved Scheme
SAYE	the musicMagpie Savings Related Share Option Scheme and the musicMagpie International Savings Related Share Option Scheme
Sanction Date	the date the Court sanctions the Scheme under section 899 of the Companies Act 2006
Scheme	the proposed scheme of arrangement to be made under Part 26 of the Companies Act 2006 between musicMagpie and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court (where relevant) and agreed to by musicMagpie and AO Bidco, as set out in Part IV (The Scheme of Arrangement) of the Scheme Document
Scheme Document	the document dated on or around the date hereof sent by musicMagpie to the musicMagpie Shareholders, of which the Scheme forms part
Scheme Record Time	6:00 p.m. on the Business Day immediately prior to the Effective Date or such other date and/or time as AO Bidco and musicMagpie may agree
Scheme Shareholders	the holders of Scheme Shares from time to time
Scheme Shares	has the meaning given to it in the Scheme Document
SOP	the musicMagpie Share Option Plan
Unapproved Schemes	the Entertainment Magpie Group Limited Unapproved Scheme and the Entertainment Magpie Group Limited Unapproved G & H Share Scheme 2021

Appendix B

UK Taxation

The information in this Appendix B applies to options under the Unapproved Schemes. This information is intended as a general guide only to certain UK tax considerations based on current UK tax law and what is understood to be the current practice of HMRC as at the date of this Letter, including the UK tax implications of exercising your Option and selling your musicMagpie Shares to AO Bidco. The information in this Appendix B does not constitute tax advice to you or 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. As the tax rules for each country are different, the final amount of tax and National Insurance (or social security) contributions you will have to pay depends on where you are resident for tax purposes. The below assumes you are working, resident and domiciled for tax purposes in the UK at all material times throughout the time between the date your Option was granted and the time that it is exercised. This summary is not a full description of all the circumstances in which a tax liability may arise.

Please be aware that you are responsible for your personal tax position and that none of musicMagpie, AO Bidco nor their employees, directors or advisors can provide you with tax advice. **If you are in any doubt as to your tax position or if you are subject to taxation in any jurisdiction other than the United Kingdom, you should consult an appropriate professional, independent adviser without delay.**

1 Income tax and National Insurance contributions (NICs)

- 1.1 You will be subject to income tax and employee and employer NICs charges at the time your Option is exercised. Income tax will arise at your marginal rate on the difference between the market value of the musicMagpie Shares you acquire on exercise (which will be equal to the offer price of 9.07 pence per musicMagpie Share) and the exercise price payable for those musicMagpie Shares (the “Gain”). Employee and employer NICs will also arise on the Gain. You are liable to pay the employer NICs pursuant to the terms of the Unapproved Schemes. The amount on which you will pay income tax will be reduced by the amount of employer NICs you are liable to pay. If you exercise your Option pursuant to the Proposal, the income tax and employee and employer NICs due will be deducted via payroll from the Consideration payable to you by AO Bidco and remitted to HMRC by musicMagpie.

2 Capital gains tax (“CGT”)

- 2.1 When your musicMagpie Shares are acquired by AO Bidco for the Consideration pursuant to the Scheme, you will be treated as having disposed of your musicMagpie Shares for CGT purposes. You will make a capital gain on the disposal of the musicMagpie Shares if and to the extent that the proceeds that you receive for the musicMagpie Shares exceeds the base cost of those musicMagpie Shares. The base cost will be the value of the musicMagpie Shares on the date you exercise your Option and acquire the underlying musicMagpie Shares. Therefore, if the base cost of the musicMagpie Shares is the same as the Consideration, there will be no CGT charge.
- 2.2 However, you should be aware that if you own other musicMagpie Shares (other than the ones you acquire from exercising your Option in accordance with the Proposal) that are sold as part of the Acquisition there are complex CGT rules that may apply. You should take independent

tax advice on these arrangements and report all applicable sales on your annual self-assessment tax return by 31 January 2026.