

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. Part 2 (*Explanatory Statement*) of this document comprises an explanatory statement in compliance with section 897 of the Companies Act. This document relates to a transaction which, if implemented, will result in the cancellation of the listing of the Artilium Shares on AIM and of admission to trading of the Artilium Shares on AIM. If you are in any doubt about the Acquisition or the contents of this document or what action you should take, you are recommended to seek your own personal financial, tax and legal advice immediately from your stockbroker, bank manager, solicitor, accountant or other 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 not, from another appropriately authorised independent adviser in the relevant jurisdiction.**

If you have sold or otherwise transferred all of your Artilium Shares, please send this document, together with any accompanying documents (but not the accompanying personalised Forms of Proxy) and pre-paid envelope (for use in the UK only), at once to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded, distributed or transmitted (in whole or in part) in, into or from a jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

If you have sold or otherwise transferred only part of your holding of Artilium Shares, you should retain these documents and please consult the bank, stockbroker or other agent through whom the sale or transfer was effected. If you have recently purchased or otherwise acquired Artilium Shares in certificated form, notwithstanding receipt of this document and any accompanying documents from the transferor, you should contact Artilium's registrars, Neville Registrars Limited, at the contact details set out below, to obtain personalised Forms of Proxy.

The release, publication or distribution of this document and the accompanying documents in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession these documents come should inform themselves about, and observe, such restrictions. Any failure to comply with these restrictions may constitute a violation of the applicable laws of any such jurisdiction. To the fullest extent permitted by law, Artilium and Pareteum disclaim any responsibility or liability for the violation of such restrictions by such persons.

Neither this document nor any of the accompanying documents constitute the extension of an offer to acquire, purchase, subscribe for, sell or exchange (or the solicitation of an offer to acquire, purchase, subscribe for, sell or exchange), any securities in any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction and any such offer (or solicitation) may not be extended in any such jurisdiction. The New Pareteum Shares are expected to be issued in the United States in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof.

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**Recommended offer by**  
**Pareteum Corporation**  
**for**  
**Artilium plc**  
**to be effected by means of a**  
**scheme of arrangement under Part 26 of**  
**the Companies Act 2006**

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Artilium Shareholders should read carefully the whole of this document and the accompanying Forms of Proxy.

Your attention is drawn to the letter from the Chairman of Artilium in Part 1 (*Letter from the Chairman of Artilium*) of this document, which contains the unanimous recommendation of the Artilium Recommending Directors that you vote in favour of the Scheme at the Court Meeting and in favour of the Resolutions to be proposed at the General Meeting. A letter from finnCap explaining the Scheme in greater detail is set out in Part 2 (*Explanatory Statement*) of this document.

Notices of the Court Meeting and the General Meeting, both of which are to be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG on 14 September 2018, are set out in Part 10 (*Notice of Court Meeting*) and Part 11 (*Notice of General Meeting*) at the end of this document. The Court Meeting will start at 11.00 a.m. and the General Meeting will start at 11.15 a.m. (or as soon thereafter as the Court Meeting has been concluded or adjourned).

The action to be taken by Artilium Shareholders in respect of the Court Meeting and the General Meeting is set out on pages 10 and 11 of this document. Whether or not you intend to be present at the Court Meeting and/or the General Meeting, please complete and sign both Forms of Proxy accompanying this document, BLUE for the Court Meeting and WHITE for the General Meeting, in accordance with the instructions set out in Part 10 (*Notice of Court Meeting*) and Part 11 (*Notice of General Meeting*) of this document and return them by post or (during normal business hours) by hand to Artilium's registrars, Neville Registrars, at Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD, as soon as possible, and in any event so as to be received not later than 11.00 a.m. on 12 September 2018 in the case of the Court Meeting and by 11.15 a.m. on 12 September 2018 in the case of the General Meeting or, in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting. Alternatively, Forms of Proxy for the Court Meeting (but not the General Meeting) may be handed to a representative of Neville Registrars or the Chairman of the Court Meeting at the Court Meeting before the taking of the poll at the relevant meeting. Forms of Proxy returned by fax will not be accepted. You can also submit your proxy electronically at Neville Registrars' website, [www.sharegateway.co.uk](http://www.sharegateway.co.uk), using the shareholder's personal proxy registration code as shown on the Form of Proxy, so as to be received by not later than 48 hours before the relevant meeting. The return of a completed Form of Proxy, the electronic appointment of a proxy or the submission of a proxy via CREST will not prevent you from attending the Court Meeting and/or the General Meeting and voting in person if you are entitled to do so and if you so wish.

If you hold your Artilium Shares in uncertificated form through CREST, you may vote using the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the Court Meeting set out in Part 10 (*Notice of Court Meeting*) and the Notice of the General Meeting set out in Part 11 (*Notice of General Meeting*) of this document). Proxies submitted via CREST (under CREST Participant ID 7RA11) must be received by Neville Registrars not later than 11.00 a.m. on 12 September 2018 in the case of the Court Meeting and by 11.15 a.m. on 12 September 2018 in the case of the General Meeting or, in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting.

This document (and any information incorporated into it by reference to another source) is available, subject to any restrictions relating to any person with a registered address in or who is a citizen, resident or national of certain jurisdictions, on Artilium's website at [www.artilium.com/investors](http://www.artilium.com/investors) and on Pareteum's website at [www.pareteum.com/investors](http://www.pareteum.com/investors).

**You may request a hard copy of this document (and any information incorporated into this document by reference to another source) by contacting Artilium's registrars, Neville Registrars, at Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD, or by calling the helpline on 0121 585 1131 from within the UK or +44 121 585 1131 if calling from outside the UK. Calls outside the UK will be charged at the applicable international rate. The helpline is open from 9.00 a.m. to 5.00 p.m. Monday to Friday (excluding bank holidays). Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that Neville Registrars cannot provide any financial, legal or tax advice, and calls may be recorded and monitored for security and training purposes.**

Capitalised words and phrases used in this document shall have the meanings given to them in Part 9 (*Definitions*) of this document.

The content of the websites referred to in this document is not incorporated into and does not form part of this document.

You should read the rest of this document and, if you are in any doubt as to the action you should take, consult an independent financial adviser. In making any investment decision you must rely on your own examination of the terms of the Scheme and the Acquisition, including the merits and risks involved. If you have any questions about this document, the Court Meeting or the General Meeting or are in any doubt as to how to complete the Forms of Proxy, please contact Neville Registrars on the number set out above.

finnCap, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively as financial adviser under Rule 3 of the Takeover Code, nominated adviser and broker to Artilium and no one else in connection with the Acquisition and other matters referred to in this document and will not be responsible to anyone other than Artilium for providing the protections afforded to clients of finnCap, or for providing advice in connection with the Acquisition, the content of this document or any matter referred to herein. Neither finnCap nor any of its subsidiaries or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of finnCap in connection with this document, any statement contained herein or otherwise.

Jefferies, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Pareteum as financial adviser and no one else in connection with the Acquisition and other matters set out in this document and will not be responsible to anyone other than Pareteum for providing the protections afforded to clients of Jefferies, or for providing advice in connection with the Acquisition, the content of this document or any matter referred to herein. Neither Jefferies nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Jefferies in connection with this document, any statement contained herein or otherwise.

## IMPORTANT NOTICES

This document and the accompanying documents are not intended to and do not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful. The New Pareteum Shares are expected to be issued in the United States in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof, as further described in this document.

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

### Statements made in this document

The statements contained in this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the contents of this document, you should consult your own legal adviser, financial adviser or tax adviser for legal, business, financial or tax advice.

No person has been authorised to make any representations on behalf of Artilium or Pareteum concerning the Acquisition or the Scheme which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been so authorised.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Artilium or Pareteum except where otherwise expressly stated. Neither Artilium nor Pareteum intends, or undertakes any obligation, to update information contained in this document, except as required by applicable law, the Takeover Code or other regulation.

### Notice to US shareholders

The New Pareteum Shares are expected to be issued in the United States in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof.

For the purposes of qualifying for the exemptions from the registration requirements of the US Securities Act afforded by section 3(a)(10), Artilium will advise the Court through counsel that the Court's sanction of the Scheme will be relied upon by Pareteum as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to Artilium Shareholders at which hearing all such shareholders are entitled to appear in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all Artilium Shareholders.

Scheme Shareholders (whether or not US persons) who are or will be affiliates (within the meaning of the US Securities Act) of Artilium or Pareteum prior to, or of Pareteum after, the Effective Date will be subject to certain restrictions on transfers of the New Pareteum Shares received pursuant to the Scheme. Otherwise, the New Pareteum Shares generally should not be treated as "restricted securities" within the meaning of Rule 144(a)(3) under the US Securities Act and persons who receive securities under the Scheme (other than affiliates) may resell them without restriction under the US Securities Act. For a description of these and certain further restrictions on offers, sales and transfers of the New Pareteum Shares and the distribution of this document, and additional information applicable to US shareholders, see paragraph 19 of Part 2 (*Explanatory Statement*) of this document.

The receipt of New Pareteum Shares pursuant to the Acquisition by a US Shareholder may be a taxable transaction for US federal income tax purposes and under applicable state and local, as well as foreign and other, tax laws. Each Artilium Shareholder is urged to consult his independent professional adviser immediately regarding the tax consequences of the Acquisition.

It may be difficult for US Shareholders to enforce their rights and claims arising out of the US federal securities laws, Artilium is located in countries other than the United States, and some or all of its officers and directors may be residents of countries other than the United States. US Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the 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 judgment.

None of the securities referred to in this document have been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of the information contained in this document. Any representation to the contrary is a criminal offence in the United States.

The financial information included in, or incorporated by reference into, this document has been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union 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 United States.

### **Information for Overseas Persons**

Unless otherwise determined by Artidium and Pareteum or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will 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 Scheme by any such use, means, instrumentality or from within a jurisdiction if to do so would constitute a violation of the laws of that jurisdiction.

Accordingly, copies of this document 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 jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this document and all other documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from jurisdictions where to do so would violate the laws in that jurisdiction.

It is the responsibility of each Overseas Holder to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Acquisition, including obtaining any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document and its accompanying documents have been prepared in connection with a proposal in relation to a scheme of arrangement pursuant to, and for the purpose of complying with, English law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if these documents had been prepared in accordance with the laws of jurisdictions outside England and Wales.

The availability of New Pareteum Shares under the Acquisition to Artidium Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Further details are set out in paragraph 19 of Part 2 (*Explanatory Statement*) of this document.

### **Forward-looking statements**

This document, including information included or incorporated by reference in this document, contains statements about Pareteum, Artidium and the Combined Group that are or may be forward-looking statements. All statements other than statements of historical facts included in this document may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “should”, “continue”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects” 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 Artidium’s, Pareteum’s or the Combined Group’s operations and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on the business(es) of the Artidium Group, the Pareteum Group or, following the Effective Date, the Combined Group. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including, without limitation: the risk that the Acquisition is not completed on a timely basis or at all; the ability to integrate Artidium into Pareteum’s business successfully and the amount of time and expense spent and incurred in connection with the integration;

the possibility that competing offers will be made; the risk that the economic benefits and other synergies that Pareteum management anticipates as a result of the Acquisition are not fully realized or take longer to realize than expected; the risk that certain risks and liabilities associated with the Acquisition have not been discovered; the risk that the approval of Artilium Shareholders of the Acquisition or the approval of Pareteum Stockholders of the Pareteum Stockholder Resolution may not be obtained or that other Conditions of the Acquisition will not be satisfied; changes in global or local political, economic, business, competitive, market and regulatory forces; changes in exchange and interest rates; changes in tax and other laws or regulations; future business combinations or disposals; operating costs, customer loss and business disruption (including difficulties in maintaining relationships with employees, customers or suppliers) occurring prior to completion of the Acquisition or if the Acquisition is not completed at all; changes in the market price of shares of Pareteum or Artilium; and changes in the economic and financial conditions of the businesses of Pareteum or Artilium.

The foregoing does not represent an exhaustive list of risks. Additional factors are described in public filings. Such risks and uncertainties 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. 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. Artilium and Pareteum disclaim any obligation to update any forward-looking or other statements contained herein, except as required by applicable law or regulation.

### **No profit forecasts or estimates**

The Pareteum Forecasts are profit forecasts for the purposes of Rule 28 of the Takeover Code. The Pareteum Forecasts, the assumptions and bases of preparation on which the Pareteum Forecasts are based and the Pareteum Directors' confirmations (and reference to reports from Squar Milner and Jefferies in respect of the Pareteum Standalone 2018 Profit Forecasts) as required by Rule 28.1 of the Takeover Code, are set out in the Appendix (*Profit Forecasts and Quantified Financial Benefits Statements*) to this document.

The Artilium Forecasts are profit forecasts for the purposes of Rule 28 of the Takeover Code. The Artilium Forecasts, the assumptions and bases of preparation on which the Artilium Forecasts are based and the Artilium Directors' confirmations, as required by Rule 28.1 of the Takeover Code, are set out in the Appendix (*Profit Forecasts and Quantified Financial Benefits Statements*) to this document.

Other than the Pareteum Forecasts and the Artilium Forecasts, no statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per share for Pareteum or Artilium, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Pareteum or Artilium, as appropriate.

### **Quantified Financial Benefits Statements**

Statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to in this document may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Unless otherwise stated, no statement in the Quantified Financial Benefits Statements, or this document generally, should be construed as a profit forecast, or interpreted to mean that the Combined Group's earnings or earnings per share in the first full year following completion of the Acquisition, or in any subsequent period, would necessarily match or be greater than or be less than those of Pareteum and/or Artilium for the relevant preceding financial period or any other period. For the purposes of Rule 28 of the Takeover Code, the Quantified Financial Benefits Statements contained in the Appendix to this document are the responsibility of Pareteum and the Pareteum Directors.



## **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 pm on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm 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(s), 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 pm 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 of the Takeover Code.

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 of the Takeover Code).

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 [www.thetakeoverpanel.org.uk](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. You should contact the Panel's Market Surveillance Unit on +44 (0) 20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

## **Publication on websites**

In accordance with Rule 26.1 of the Takeover Code, a copy of this document and any document incorporated by reference herein or therein will be available on Artium's website at [www.artium.com/investors](http://www.artium.com/investors) by no later than 12 noon on the business day following publication of this document, but will not be available to persons resident in Restricted Jurisdictions or any jurisdictions where the extension or availability of the Acquisition or the publication of this document would violate the laws of such jurisdiction. The contents of the websites referred to in this document are not incorporated into and do not form part of this document.

## **Rounding**

Certain figures included in this document 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.

## **Time**

All references to time are to the time in London, England.

## **Date**

This document is published on and is dated 20 August 2018.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Time/date<sup>(1)</sup></i>
<b>Latest time for lodging Forms of Proxy for the Court Meeting (BLUE Form of Proxy) or for submitting proxy instructions in respect of the Court Meeting via the CREST Proxy Voting Service</b>	11.00 a.m. on Wednesday 12 September 2018 <sup>(2)</sup>
<b>Latest time for lodging Forms of Proxy for the General Meeting (WHITE Form of Proxy) or for submitting proxy instructions in respect of the General Meeting via the CREST Proxy Voting Service</b>	11.15 a.m. on Wednesday 12 September 2018 <sup>(3)</sup>
Voting Record Time for the Court Meeting and General Meeting	10.00 p.m. on Wednesday 12 September 2018 <sup>(4)</sup>
Stockholder Meeting	10.00 a.m. (New York Time) on Thursday 13 September 2018
<b>Court Meeting</b>	11.00 a.m. on Friday 14 September 2018
<b>General Meeting</b>	11.15 a.m. on Friday 14 September 2018 <sup>(5)</sup>
<i>Certain of the following dates are subject to change (please see Note (1) below):</i>	
Court Hearing to sanction the Scheme	Friday 28 September 2018 (the Court Sanction Date) <sup>(1)</sup>
Last day of dealings in, and for registration of transfers of, and disablement in CREST of, Artium Shares	Friday 28 September 2018
Scheme Record Time	6.00 p.m. on Friday 28 September 2018
Suspension of listing of, and dealings in, Artium Shares	7.30 a.m. on Monday 1 October 2018
Effective Date	Monday 1 October 2018 <sup>(1)</sup>
Cancellation of listing of, and trading in, Artium Shares	by no later than 8.00 a.m. on Tuesday 2 October 2018 <sup>(1)</sup>
New Pareteum Shares issued in respect of Scheme Shares	9.30 a.m. (New York Time) on Tuesday 2 October 2018 <sup>(1)</sup>
Admission and commencement of dealings in New Pareteum Shares on the NYSE American	9.30 a.m. (New York Time) on Tuesday 2 October 2018 <sup>(1)</sup>



### **Settlement of the Offer Consideration:**

CREST accounts of Artilium Shareholders credited with Pareteum CDIs (in respect of Scheme Shares held in uncertificated form)	within 14 days of the Effective Date <sup>(1)</sup>
CREST accounts of Artilium Shareholders credited with any cash consideration due (in respect of Scheme Shares held in uncertificated form)	within 14 days of the Effective Date <sup>(1)</sup>
Despatch of cheques in respect of cash consideration and share certificates in respect of New Pareteum Shares (in respect of Scheme Shares held in certificated form)	within 14 days of the Effective Date <sup>(1)</sup>
Long Stop Date	31 January 2019 <sup>(6)</sup>

### **The Court Meeting and the General Meeting will each be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG.**

- (1) These times and dates are indicative only and will depend, among other things, on the date on which the Conditions are satisfied or, if capable of waiver, waived and therefore the date on which the Court sanctions the Scheme. The timetable is also dependent on when the Court Order sanctioning the Scheme is delivered to the Registrar of Companies. Artilium will give notice of any change(s) to the above timetable by issuing an announcement through a Regulatory Information Service and by publishing such changes on Artilium's website at [www.artilium.com/investors](http://www.artilium.com/investors) and, if required by the Panel, by posting notice of the change(s) to Artilium Shareholders and persons with information rights.
- (2) It is requested that BLUE Forms of Proxy for the Court Meeting be lodged before 11.00 a.m. on 12 September 2018 or, if the Court Meeting is adjourned, not later than 48 hours before the time appointed for the holding of the adjourned meeting. However, BLUE Forms of Proxy not so lodged may be handed to a representative of Neville Registrars or the Chairman of the Court Meeting at the Court Meeting before the taking of the poll.
- (3) WHITE Forms of Proxy for the General Meeting must be lodged before 11.15 a.m. on 12 September 2018 in order to be valid or, if the General Meeting is adjourned, not later than 48 hours before the time appointed for the holding of the adjourned meeting. WHITE Forms of Proxy cannot be handed to a representative of Neville Registrars or the Chairman of the General Meeting at the General Meeting.
- (4) If either of the Court Meeting or the General Meeting is adjourned, the Voting Record Time for the relevant adjourned meeting will be 10.00 p.m. on the date two calendar days before the date set for the adjourned meeting.
- (5) Or as soon thereafter as the Court Meeting has been concluded or adjourned if later.
- (6) This date may be extended to such date as Artilium and Pareteum may, with the consent of the Panel and, if required, the Court, agree.

All references in this document to times are to times in London, unless otherwise stated.

## **ACTION TO BE TAKEN**

### **Voting at the Court Meeting and the General Meeting**

The Court Meeting and the General Meeting will be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG on 14 September 2018 at 11.00 a.m. and 11.15 a.m. respectively (or, in the case of the General Meeting, as soon as the Court Meeting has concluded or been adjourned, if later). The Scheme requires approval at both of these meetings.

#### **Please check you have received the following with this document:**

- a BLUE Form of Proxy for use in respect of the Court Meeting;
- a WHITE Form of Proxy for use in respect of the General Meeting; and
- a pre-paid envelope.

If you have not received these documents or have any other queries, please contact Neville Registrars on 0121 585 1131 from within the UK or on +44 121 585 1131 if calling from outside the UK. Calls outside the UK will be charged at the applicable international rate. The helpline is open from 9.00 a.m. to 5.00 p.m. Monday to Friday (excluding bank holidays). Different charges may apply to calls made from mobile telephones. Please note that Neville Registrars cannot provide any financial, legal or tax advice and calls may be recorded and randomly monitored for security and training purposes.

## **FORMS OF PROXY FOR VOTING AT THE COURT MEETING AND THE GENERAL MEETING**

### **Deadline for receipt of Forms of Proxy**

Whether or not you plan to attend the Artium Shareholder Meetings, please complete and sign both the enclosed BLUE Form of Proxy (for the Court Meeting) and WHITE Form of Proxy (for the General Meeting) and return them in accordance with the instructions set out on those forms as soon as possible but in any event so as to be received by Neville Registrars:

- no later than 11.00 a.m. on 12 September 2018 in the case of the Court Meeting (BLUE form); and
- no later than 11.15 a.m. on 12 September 2018 in the case of the General Meeting (WHITE form),

(or, in the case of any adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Forms of Proxy returned by fax will not be accepted.

Returning the Forms of Proxy before the proxy deadline will enable your votes to be counted at the Artium Shareholder Meetings in the event of your absence.

If the BLUE Form of Proxy for use at the Court Meeting is not lodged by 11.00 a.m. on 12 September 2018, it may be handed to a representative of Neville Registrars or the Chairman of the Court Meeting at the Court Meeting before the taking of the poll. However, in the case of the General Meeting, unless the WHITE Form of Proxy is lodged so as to be received by the time mentioned above, it will be invalid.

### **CREST Proxy Voting Service**

If you hold your Scheme Shares in uncertificated form (i.e. in CREST), you may vote using the CREST electronic appointment service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the Court Meeting set out on pages 102 to 104 of this document and the Notice of the General Meeting set out on pages 108 to 110 of this document). Proxies submitted via CREST (under the issuer's agent ID 7RA11) must be received by Neville Registrars not later than 11.00 a.m. on 12 September 2018 in the case of the Court Meeting and by 11.15 a.m. on 12 September 2018 in the case of the General Meeting (or, in the case of an adjourned meeting, not less than 48 hours prior to the time and date set for the adjourned meeting).

### **Additional points**

The completion and return of a Form of Proxy, the electronic appointment of a proxy or the submission of a proxy via CREST will not prevent you from attending and voting at the Court Meeting or the General Meeting, or any adjournment of the Court Meeting or the General Meeting, in person if you should wish and if you are entitled to do so.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, including any Scheme Shareholders who did not vote to approve the Scheme or who voted against the Scheme at the Court Meeting.

**It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of the opinion of Scheme Shareholders. You are therefore strongly urged to sign and return your Forms of Proxy as soon as possible and in any event by the deadlines referred to above.**

## PART 1

### LETTER FROM THE CHAIRMAN OF ARTILIUM

(Incorporated in England and Wales with registered number 3904535)

*Directors:*

Jan Paul Menke (*Chairman and Non-Executive Director*)  
Bart Weijermars (*Chief Executive Director*)  
Rupert Hutton (*Chief Financial Officer*)  
Gerard Dorenbos (*Non-Executive Director*)

*Registered Office:*

9-13 St Andrew Street  
London EC4A 3AF

20 August 2018

*To all Artium Shareholders*

Dear Artium Shareholder

#### **RECOMMENDED OFFER BY PARETEUM CORPORATION FOR ARTILIUM PLC TO BE EFFECTED BY MEANS OF A SCHEME OF ARRANGEMENT**

##### **1. Introduction**

On 7 June 2018, the Artium Board and the Pareteum Board announced that they had reached agreement regarding the terms of a recommended share and cash offer by Pareteum to acquire the issued and to be issued ordinary share capital of Artium not already owned by Pareteum. The Acquisition is to be effected by means of a scheme of arrangement under Part 26 of the Companies Act.

I am writing to you, on behalf of the Artium Board, to set out the terms of the Acquisition and to explain why the Artium Recommending Directors are unanimously recommending that Artium Shareholders vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting. Please also see the letter from finnCap set out in Part 2 (*Explanatory Statement*) of this document, which gives further details about the Acquisition, and the additional information set out in Part 6 (*Additional Information*) of this document.

In order to approve the Scheme by which the Acquisition is to be implemented, the requisite majorities of Artium Shareholders will need to vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting. The Court Meeting and the General Meeting will be held on 14 September 2018 at 11.00 a.m. and 11.15 a.m. respectively (or, in the case of the General Meeting, as soon as the Court Meeting has concluded or been adjourned, if later). Details of the action you should take are set out in paragraph 15 (*Action to be taken*) of this letter. The recommendation of the Artium Recommending Directors is set out in paragraph 16 (*Recommendation*) of this letter.

##### **2. Summary of the terms of the Acquisition**

The Acquisition is to be effected by way of a scheme of arrangement under Part 26 of the Companies Act, full details of which are set out in the Explanatory Statement in Part 2 (*Explanatory Statement*) of this document.

##### ***Terms of the Acquisition***

Pursuant to the Scheme, which is subject to the Conditions and further terms set out in Part 3 (*Conditions to and further terms of the Acquisition*) of this document, Scheme Shareholders will be entitled to receive:

for each Scheme Share held at the Scheme Record Time:	0.1016 New Pareteum Shares; plus 1.9 pence in cash
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If the Acquisition becomes Effective, Pareteum Stockholders will hold approximately 60.1 per cent., and Artilium Shareholders will hold approximately 39.9 per cent., of Pareteum's enlarged issued share capital. Pareteum Stockholders will hold approximately 65.2 per cent., and Artilium Shareholders will hold approximately 34.8 per cent., of Pareteum's enlarged fully diluted share capital on completion of the Acquisition.

The Acquisition values each Artilium Share at 22.27 pence and the entire issued and to be issued ordinary share capital of Artilium at approximately £88.9m, based on Pareteum's closing share price of \$2.55 on the Last Practicable Date and a GBP:USD exchange rate of 1.2716.

The implied value of 22.27 pence per Artilium Share represents a premium of approximately:

- 35.0 per cent. to the Closing Price of 16.5 pence per Artilium Share on the last Business Day before the commencement of the Offer Period;
- 35.5 per cent. to the Volume Weighted Average Price per Artilium Share during the one month period ended on the last Business Day before the commencement of the Offer Period;
- 48.2 per cent. to the Volume Weighted Average Price per Artilium Share during the three month period ended on the last Business Day before the commencement of the Offer Period; and
- 170.0 per cent. to the Closing Price of 8.25 pence per Artilium Share on 13 October 2017 (being the last Business Day prior to the date of Artilium's announcement of its strategic alliance with Pareteum).

The Acquisition represents an implied Enterprise Value/LTM Revenue 31 December 2017 multiple for Artilium of 4.3x.<sup>1</sup>

The New Pareteum Shares will be issued credited as fully paid and will rank *pari passu* in all respects with Pareteum Shares in issue at the time that the New Pareteum Shares are issued pursuant to the Acquisition, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling on or after the Effective Date. Application will be made to the NYSE American for the New Pareteum Shares to be listed on the NYSE American on completion of the Acquisition.

Fractions of pence will not be paid to Scheme Shareholders and cash entitlements will be rounded down to the nearest penny. Fractions of New Pareteum Shares or Pareteum CDIs will not be issued to Artilium Shareholders. Instead, Artilium Shareholders who otherwise would have received a fraction of a New Pareteum Share or Pareteum CDI will receive an additional amount in cash, rounded down to the nearest cent, based on the amount obtained by multiplying such fraction by the average of the high and low sales prices of Pareteum Shares on the NYSE American on each of the five consecutive trading days ending on the trading day that is two trading days prior to the Effective Date (which amount will be paid in pounds sterling at the exchange rate prevailing at the close of business on the Effective Date).

If Artilium or Pareteum reasonably believes or is advised that an Artilium Shareholder is a Restricted Overseas Holder, Pareteum may at its discretion determine that either (i) such Artilium Shareholder shall not have allotted or issued to him New Pareteum Shares or Pareteum CDIs and that the New Pareteum Shares or Pareteum CDIs which would otherwise have been attributable to such Artilium Shareholder under the terms of the Acquisition shall be sold in the market and the cash proceeds of such sale forwarded to such Artilium Shareholder or (ii) the New Pareteum Shares or Pareteum CDIs shall be issued to such Artilium Shareholder but shall be sold in the market on his behalf and the cash proceeds of such sale forwarded to the relevant Artilium Shareholder (in each case after deduction of broking fees and other sale costs and expenses).

The transaction is expected to deliver compelling financial benefits for the shareholders of both Pareteum and Artilium, including significant accretion to Pareteum's Non-GAAP earnings per share<sup>2</sup>, strong growth in pro forma operating cashflow generation and material cost and revenue synergies.

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1 See paragraph 22 of Part 8 (*Sources of Information and Bases of Calculation*).

2 See paragraph 23 of Part 8 (*Sources of Information and Bases of Calculation*).

Pareteum has agreed that, on completion of the Acquisition, Bart Weijermars will be engaged as Chief Executive Officer of Pareteum Europe BV in accordance with the terms of the Management Services Agreement.

The Artilium Shares will be acquired by Pareteum fully paid and free from all liens, equitable interests, charges, Encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing at the date of the Rule 2.7 Announcement or thereafter attaching thereto, 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 capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of the Rule 2.7 Announcement in respect of the Artilium Shares. If any dividend or other distribution in respect of the Artilium Shares is declared, paid or made on or after the date of the Rule 2.7 Announcement, Pareteum reserves the right to reduce the consideration payable for each Artilium Share under the terms of the Acquisition by the amount per Artilium Share of such dividend or distribution.

### **Conditions**

The Scheme and the Acquisition are subject to satisfaction or (if applicable) waiver of the Conditions set out in Part 3 (*Conditions to and further terms of the Acquisition*) of this document.

The Conditions include, among other things:

- approval of the Pareteum Stockholder Resolution by Pareteum Stockholders at the Stockholder Meeting;
- approval of the Scheme and of the Resolutions at the Court Meeting and the General Meeting (as appropriate);
- approval of Admission;
- the sanction of the Scheme by the Court; and
- a copy of the Court Order being delivered to the Registrar of Companies.

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 and the General Meeting and, if they attended and voted, whether or not they voted in favour.

### **3. Background to, and reasons for, recommending the Acquisition**

The Pareteum Directors and the Artilium Recommending Directors recognise that the businesses are a natural fit. Since announcing the strategic alliance between Pareteum and Artilium in October 2017, the Pareteum Directors and the Artilium Recommending Directors have been incredibly pleased by the way the businesses have successfully collaborated and by their customers' enthusiasm for the partnership. In the few months since the alliance was launched, the two companies have collaborated on at least 18 opportunities, resulting in 7 sales wins and an increasing pipeline of potential deals to pursue. Pareteum estimates that over \$65 million has been added to its 36-month contractual revenue backlog as a direct result of the engagement. The Pareteum Directors and the Artilium Recommending Directors also consider that the two management teams have worked well together and proven to be highly complementary.

The Pareteum Directors and the Artilium Recommending Directors believe there is considerable industrial logic for bringing the two companies together, underpinned by four key principles:

1. *Expansion:* Together, Pareteum and Artilium can offer customers a more complete enterprise and retail product offering, increasing penetration of the combined existing customer base. With this expanded product set, the combined business will be better positioned to acquire new customers, thereby diversifying revenue streams. The combination would also provide an immediate path for cross-selling into the companies' respective geographic markets, particularly within Northern Europe, Asia and the Americas, while creating a larger base from which to expand into new markets.



2. *Scale:* Combining Pareteum and Artilium will create a leading provider of cloud communications software and services and a significant opportunity to realize the benefits of a scaled organization. The Combined Group would have pro-forma FY2018 revenues of \$49.0 million. For example, the Combined Group will be able to reduce carrier fees and cloud costs through greater purchasing volumes, making each sale more profitable. The Combined Group will realise opportunities to reduce corporate overheads and to realise capital expenditure savings through more efficient space and hardware utilization. These savings can be reinvested to accelerate product and technology development and support revenue growth.
3. *Capital:* The Combined Group will have a greatly enhanced financial profile with which to access the capital markets. The Pareteum Directors and the Artilium Recommending Directors believe that, as a combined company, third party capital will be available on significantly improved terms to accelerate the growth story of the Combined Group. Furthermore, as a larger company with a stronger financial profile and a more diverse shareholder base, the Pareteum Directors and the Artilium Recommending Directors believe that the Combined Group could have greater coverage from equity research analysts, enhancing the profile of the Combined Group with the investor community. Artilium Shareholders will also benefit from the much greater liquidity of Pareteum's shares.
4. *Platform:* With an expanded product portfolio and customer base, a scaled and right-sized cost structure, and an enhanced financial profile with greater access to capital markets, the Pareteum Directors and the Artilium Recommending Directors believe that the Combined Group will provide a strong platform for acquisitions. The Pareteum Directors and the Artilium Recommending Directors believe that the Combined Group will be the buyer of choice for many sellers. The Pareteum Directors and the Artilium Recommending Directors believe that there is a strong pipeline of potential add-on M&A available to the combined company that will be value-enhancing for shareholders.

Furthermore, the Pareteum Directors and the Artilium Recommending Directors believe that the Acquisition offers the opportunity for their respective shareholders to benefit from the significant long-term value creation that is expected to be unlocked by the combination, as well as offering Artilium Shareholders a partial liquidity event.

#### **4. Management, employees and locations**

As summarised at paragraph 3 (*Background to, and reasons for, recommending the Acquisition*) of this letter, the Pareteum Directors and the Artilium Recommending Directors recognise that the businesses are a natural fit, there is considerable industrial logic for bringing the two companies together, and the Acquisition offers the opportunity for their respective shareholders to benefit from the significant long-term value creation that is expected to be unlocked by the combination. Pareteum's intention is for the Artilium business to become a European division of the Combined Group.

##### ***Employees and employment rights***

Pareteum attaches great importance to the skills, expertise and experience of the existing management and employees of Artilium and Pareteum, and believes that they will be a key factor in maximising the opportunities and benefits the Acquisition will create for the Combined Group.

Pareteum recognises, however, that in order to achieve the expected benefits of the Acquisition, some operational and administrative restructuring will be required across both Pareteum and Artilium following completion of the Acquisition. Preliminary integration work carried out to date has confirmed that there is overlap between the two businesses and the potential to generate cost savings for the Combined Group through corporate, operational and administrative efficiencies.

Accordingly, Pareteum anticipates a reduction in the headcount across the Combined Group of approximately twenty per cent. (20%). These headcount reductions will predominantly come from operations functions and, to a lesser extent, client services, development and administrative functions, where headcount reductions will be mainly driven by the optimisation of duplicative functions and office locations. Pareteum expects that the majority of the headcount reductions will fall on the Artilium side of the combination.

The finalisation and implementation of any workforce reductions will be subject to comprehensive planning and appropriate engagement with stakeholders, including affected employees and any appropriate employee representative bodies. Pareteum would implement any job reductions in accordance with all relevant legal obligations. Pareteum intends to approach the employee and management integration process with the aim of retaining and motivating the best talent across the Combined Group, to ensure that its ability to develop its innovative services and support its customers is maintained.

Pareteum plans to fully observe, following completion of the Acquisition, contractual and statutory employment rights, including in relation to pensions, of all Artilium employees. Pareteum does not intend to make any material changes to the conditions of employment of the employees (or balance of skills and functions) of Artilium or its subsidiaries, other than to ensure the conditions of employment are competitive, efficiently deliver value for the Combined Group and are broadly consistent with comparable conditions of employment enjoyed by Pareteum employees where these are superior to those currently offered by Artilium to its employees.

Proposals regarding incentivisation arrangements for management and employees of Artilium (other than in respect of Bart Weijermars, whose Management Arrangement is summarised below) will be considered as part of the integration review, following completion of the Acquisition, noting that Pareteum focuses on maintaining a culture of success with the objective of retaining and motivating the best talent.

On completion of the Acquisition, it is intended that the Artilium Recommending Directors will resign.

#### ***Summary of the Management Arrangement***

Pareteum believes that the ongoing participation of Bart Weijermars in the Artilium Group and, in turn, the Pareteum Group, is an important element of the Acquisition. Accordingly, Pareteum intends to put in place an incentivisation arrangement for Bart Weijermars with effect from and/or following completion of the Acquisition in accordance with the terms of the Management Services Agreement.

As a result of his interest in Artilium Shares, Bart Weijermars is not considered to be independent for the purposes of the Takeover Code and he (and his connected persons and any person acting in concert with him) will not be entitled to vote on the Resolution in respect of the approval of the Management Arrangement at the General Meeting.

Bart Weijermars is the beneficial owner of 1,560,000 Artilium Shares (which shares are legally held by Securities Services Nominees Limited), and is the beneficial owner of Grootzande Beheer BV, which entity is the beneficial owner of 863,633 Artilium Shares (which shares are also legally held by Securities Services Nominees Limited). Bart Weijermars will procure that Securities Services Nominees Limited does not vote these Artilium Shares at the Court Meeting to approve the Scheme, but will instead procure the consent of Securities Services Nominees Limited to be bound by the Scheme.

The key terms of the Management Arrangement are as follows:

- (a) a gross base rate of pay of €240,000 per annum;
- (b) a discretionary bonus of 50 per cent. of the base rate of pay per annum (€120,000), of which:
  - (i) 50 per cent. (€60,000) is related to the performance of the Pareteum Group; and
  - (ii) 50 per cent. (€60,000) is related to the performance of the Artilium Group,with such ratios subject to review after the initial 12 months following the completion of the Acquisition;
- (c) Initial Stock Options to be awarded under the Pareteum Stock Option Plan, subject to:
  - (i) Pareteum Stockholder approval of the Pareteum Stock Option Plan, from time to time;
  - (ii) the approval of the board of directors of Pareteum; and
  - (iii) the general terms and conditions of the Pareteum Stock Option Plan; and
- (d) the issue of 537,271 Pareteum Shares on the Effective Date, or as soon as practicable thereafter.

In accordance with the Pareteum Stock Option Plan, the amount of the Initial Stock Options will be based on the aggregate amount of base pay and the maximum possible discretionary bonus (as set out in paragraphs (a) and (b) above), converted into USD, and divided by a USD share price which is 10 per cent. above the volume weighted average price of the Pareteum Shares for the 30 trading days prior to the completion of the Acquisition. The exercise price of the Initial Stock Options will be determined in accordance with fair market value under the Pareteum Stock Option Plan. The Initial Stock Options will have a three year vesting period, with 25 per cent. of the options vesting on the first anniversary of the grant date and then each subsequent month 1/24th of the remaining 75 per cent. of the options vesting, in each case subject to the terms and conditions of the Pareteum Stock Option Plan.

Any future equity awards granted to Bart Weijermars will be discretionary, based on the performance of the Pareteum Group and subject to the approvals set out in paragraph (c) above.

For the purposes of Rule 16.2 of the Takeover Code, finnCap has confirmed that, in its opinion, the terms of the Management Arrangement are fair and reasonable so far as Artilium Independent Shareholders are concerned. In providing its opinion, finnCap has taken into account the commercial assessment of the Artilium Recommending Directors. The Acquisition is conditional, amongst other things, upon the passing of the Resolution to approve the Management Arrangement by the requisite majority of the Artilium Independent Shareholders at the General Meeting to be held on or before the 22nd day after the expected date of the General Meeting (or such later date, if any, as Pareteum and Artilium may agree and the Court may allow).

### ***Headquarters and locations***

On completion of the Acquisition, Pareteum's headquarters will continue to be in New York, United States of America. The Combined Group will locate its European headquarters in Bruges, Belgium, at Artilium's existing headquarters.

Pareteum intends to leverage the Combined Group's global presence to consolidate offices where feasible in order to reduce property expenses, and to enable colleagues to work more closely together. In particular, Pareteum has identified an opportunity to consolidate the Combined Group's offices and office locations in the Netherlands where there is significant overlap. Similarly, Pareteum intends to explore savings that may be achieved from consolidation of data centre arrangements.

Other than as described above, Pareteum has no intention of redeploying Artilium's existing material fixed assets or of effecting a material change to the strategic plans or operations of the business.

### ***Other items***

Pareteum does not expect the Acquisition to have a material impact on the research and development activities of either Artilium or Pareteum.

Pareteum's intention is to seek the cancellation of the trading of Artilium Shares on AIM on or shortly after the Effective Date, which would result in cost savings from not having to maintain a listing (of Artilium) and related supporting back office functions. Pareteum intends prior to completion of the Acquisition to establish a CREST depository interest dealing facility for the benefit of Artilium Shareholders so as to facilitate the trading of Pareteum Shares from outside the USA.

Pareteum expects to generate savings from economies of scale and operational efficiencies including from IT optimisation, supplier optimisation and other operational and infrastructure improvements due to economies of scale across the two companies.

No statements in this paragraph 4, or otherwise in this document, constitute "post-offer undertakings" for the purposes of Rule 19.5 of the Code.

## **5. Background to and reasons for the Artilium Recommending Directors' recommendation**

As further described in Artilium's recent interim financial statements, the Artilium Recommending Directors believe that Artilium is strongly placed for the future. Momentum has been established across key financial and operating priorities, an exciting range of product and service offerings has been established, and continues to be developed, across geographies and market sectors, with a diverse portfolio of customers. The success of the acquisition of Interactive Digital Media GmbH, in particular, shows the great potential for Artilium to continue to grow by acquisition as well as organically.

Notwithstanding this confidence in Artilium's prospects, the Artilium Recommending Directors recognise that the Acquisition presents a highly compelling proposition for Artilium, its shareholders and wider stakeholders on financial and operating levels.

From a financial perspective, the Artilium Recommending Directors agree that the premia implied by the Acquisition to the price of an Artilium Share over a range of timeframes, as set out above, are compelling. Furthermore, that an Artilium Shareholder stands to receive a mix of shares and cash is attractive: the Combined Group is well placed to generate significant long-term value whilst Artilium Shareholders can benefit from a greater liquidity to trading Pareteum's shares than is currently available for Artilium's shares. The Artilium Recommending Directors welcome the cash portion of the consideration as a partial liquidity event.

The Artilium Recommending Directors also acknowledge a strong commercial logic to the combination of these two businesses, evidenced by the manner in which Artilium, its employees and its customers have benefitted considerably from working in alliance with Pareteum since October 2017.

The Combined Group has the clear potential to present to the market a broader and more complete product offering, will benefit from greater scale and access to capital on superior terms than at present, which together would create a strong platform for growth. Whilst noting with regret that achieving the benefits of the Combined Group will entail headcount reductions on both sides and that there is potential for places of business to be combined, the Artilium Recommending Directors welcome that Pareteum has confirmed that all existing employment rights and pensions of Artilium's employees will be respected.

Following consideration of the above factors, the Artilium Recommending Directors believe that the terms of the Acquisition are in the best interests of Artilium Shareholders as a whole and unanimously recommend that Artilium Shareholders vote in favour of the Acquisition.

## **6. Irrevocable undertakings in relation to the Acquisition**

Pareteum has received irrevocable undertakings to vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, if Pareteum exercises its right to implement the Acquisition by way of Takeover Offer, to accept such offer) from all of the Artilium Recommending Directors who hold Artilium Shares (in a personal capacity or through a nominee) in respect of their entire beneficial holdings of Artilium Shares, amounting, in aggregate, to 71,122,994 Artilium Shares (representing, in aggregate, approximately 20.026 per cent. of the Artilium Shares in issue on the Last Practicable Date). In addition to the irrevocable undertakings from the Artilium Recommending Directors, Pareteum has received an irrevocable undertaking to vote or procure votes in favour of the Resolutions to be proposed at the General Meeting (or, if Pareteum exercises its right to implement the Acquisition by way of a Takeover Offer, to accept such offer), save for the Resolution to approve the Management Arrangement on which he is not allowed to vote, from Bart Weijermars in respect of 2,423,633 Artilium Shares (representing, in aggregate, approximately 0.682 per cent. of the Artilium Shares in issue on the Last Practicable Date).

In addition to the irrevocable undertakings from the Artilium Directors, Pareteum has received irrevocable undertakings from various other shareholders to vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, if Pareteum exercises its right to implement the Acquisition by way of a Takeover Offer, to accept such offer), in respect of 141,887,365 Artilium Shares (representing, in aggregate, approximately 39.951 per cent. of the Artilium Shares in issue on the Last Practicable Date).

Pareteum has therefore received irrevocable undertakings to vote or procure votes in favour of:

- the Scheme at the Court Meeting in respect of a total of 213,010,359 Artilium Shares (representing approximately 60.389 per cent. of the Artilium Shares in issue and held by Artilium Independent Shareholders on the Last Practicable Date);
- the Resolution to approve the Management Arrangement to be proposed at the General Meeting in respect of a total of 213,010,359 Artilium Shares (representing approximately 60.389 per cent. of the Artilium Shares in issue and held by Artilium Independent Shareholders on the Last Practicable Date); and

- the other Resolutions to be proposed at the General Meeting in respect of a total of 215,433,992 Artium Shares (representing approximately 60.659 per cent. of the Artium Shares in issue on the Last Practicable Date).

Further details of these irrevocable undertakings are set out in paragraph 9 of Part 6 (*Additional Information*) of this document.

## **7. Artium's current trading and prospects**

For details of Artium's current trading and prospects, please refer to Artium's unaudited consolidated interim results dated 27 March 2018 for the half year ended 31 December 2017, a link to which can be found in paragraph 1 of Part 5 (*Financial Information*) of this document.

On 16 January 2018, Artium announced the acquisition of the entire issued share capital of Interactive Digital Media GmbH ("**IDM**"), a German-based cloud communication company, for an aggregate consideration of €3.5 million. The acquisition was immediately earnings accretive and profit and cash flow generative. At the time of the announcement, the rationale for the acquisition was that:

- Artium Group's revenue would increase by more than 50 per cent.;
- there would be a significant opportunity to cross-sell Artium's and IDM's products to their respective customers;
- the acquisition would enable the Artium Group to gain immediate traction in the global messaging market with messaging and SMS being common to any handset or smartphone in the world; and
- there would be immediate synergies in development, wholesale and sales.

The Artium Directors confirm that there has been no material change to the Artium's trading position and prospects since 31 December 2017 (save for the acquisition of IDM in January 2018).

## **8. Pareteum's current trading and prospects**

Pareteum published its full-year results on Form 10-K for the year ended 31 December 2017, filed with the SEC on 30 March 2018.

Pareteum announced earnings for the first quarter of 2018 on 7 May 2018, and for the second quarter of 2018 on 6 August 2018.

The Pareteum Directors confirm that there has been no material change to Pareteum's trading position and prospects since 30 June 2018.

## **9. Artium Management Options**

The holders of the Artium Management Options will be written to separately to inform them of the effect of the Scheme on their rights under the terms of those Artium Management Options, including details of the proposals being made by Pareteum. Pursuant to Rule 15 of the Takeover Code, these will be appropriate proposals to safeguard the interests of the holders of the Artium Management Options.

The Scheme will extend to any Artium Shares which are unconditionally allotted, issued or transferred to satisfy the Artium Management Options prior to the Scheme Record Time.

In accordance with the terms of the Artium Management Options, the Artium Management Options will vest upon the Scheme being sanctioned by the Court at the Court Hearing to the extent determined by the remuneration committee of the Artium Board.

## **10. Dividends**

Pareteum has reserved the right, in the event of any dividend or other distribution in respect of the Artium Shares being declared, paid or made on or after 7 June 2018, to reduce the consideration payable for each Artium Share under the terms of the Acquisition by the amount per Artium Share of such dividend or distribution. The cash element of the consideration payable for each Artium Share under the terms of the Acquisition will be reduced first.



Pareteum does not intend to declare any dividends prior to the Effective Date and in the Co-operation Agreement has (subject to certain exceptions) agreed not to.

Pareteum does not intend that the Combined Group will declare any dividends in the near term.

#### **11. Pareteum Stockholder approval and recommendation by the Pareteum Directors**

The total number of New Pareteum Shares which Pareteum intends to issue in consideration for the Acquisition will be at least 20 per cent. of Pareteum's issued share capital prior to completion of the Acquisition. Accordingly, Pareteum will be required, under the rules of the NYSE American, to obtain the approval of the Pareteum Stockholder Resolution by a majority of votes cast by Pareteum Stockholders at the Stockholder Meeting.

The Scheme will be conditional upon, amongst other things, the passing of the Pareteum Stockholder Resolution by a majority of votes cast at the Stockholder Meeting. The Pareteum Directors intend unanimously to recommend that Pareteum Stockholders vote in favour of the Pareteum Stockholder Resolution. Artium intends to vote its entire holding of 3,200,332 common shares in Pareteum in favour of the Pareteum Stockholder Resolution.

The Stockholder Meeting has been convened for 10.00 a.m. (New York time) on 13 September 2018.

#### **12. Cancellation of Pareteum Shares currently held by Artium**

Artium currently holds 3,200,332 common shares in Pareteum, representing 5.3 per cent. of Pareteum's issued and outstanding share capital, which will be cancelled on completion of the Acquisition.

#### **13. New Pareteum Shares**

The New Pareteum Shares will be issued credited as fully paid and will rank *pari passu* in all respects with Pareteum Shares in issue at the time that the New Pareteum Shares are issued pursuant to the Acquisition, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling on or after the Effective Date. Further details of the rights attached to the New Pareteum Shares are set out in Part 7 (*Description of the Pareteum Shares*) of this document.

Application will be made to the NYSE American for the New Pareteum Shares to be listed on the NYSE American. Authorisation of the additional listing by the NYSE American is a Condition to the Scheme becoming Effective and if such authorisation is not provided or is withdrawn, the Scheme shall not become Effective. It is expected that listing of the New Pareteum Shares will become effective and that dealings for normal settlement will commence at 9.30 a.m. (New York time) on the first Business Day after the Effective Date. This date may be deferred if it is necessary to adjourn the Artium Shareholder Meetings required to approve and implement the Scheme or if there is any delay in obtaining the Court's sanction of the Scheme.

The Pareteum Shares are already listed on the NYSE American and enabled for electronic settlement through the DTC. It is expected that the New Pareteum Shares, when issued and fully paid, will be capable of being held and transferred electronically through DTC. The New Pareteum Shares will trade under ISIN US69946T2078.

Pareteum will prior to completion of the Acquisition establish a CREST depositary interest dealing facility for the benefit of Artium Shareholders so as to facilitate the trading of Pareteum Shares from outside the USA. Details of how UK shareholders can hold, access and trade the New Pareteum Shares is set out at paragraph 14 of Part 2 (*Explanatory Statement*) of this document.

#### **14. Taxation**

Your attention is drawn to paragraphs 7(a) and 7(b) of Part 6 (*Additional Information*) of this document which contains summaries of limited aspects of the UK tax treatment of the Scheme and limited aspects of the UK and US tax treatment of holding New Pareteum Shares (or Pareteum CDIs). The summaries relate only to the position of certain categories of Artium Shareholders (as explained further in paragraphs 7(a) and 7(b) of Part 6 (*Additional Information*)), do not constitute tax advice and do not



purport to be a complete analysis of all potential UK and US tax consequences of the Scheme or acquiring, holding or disposing of New Pareteum Shares (or Pareteum CDIs). Although this document contains certain tax-related information, if you are in any doubt about your own tax position or you are subject to taxation in any jurisdiction outside the UK, you should consult an appropriately qualified independent professional adviser.

#### **15. Action to be taken**

Your attention is drawn to the section of this document entitled “*Action to be taken*”, which sets out in full the actions you should take in respect of voting on the Acquisition and the Scheme.

The Court Meeting and the General Meeting will be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG on 14 September 2018 at 11.00 a.m. and 11.15 a.m. respectively (or, in the case of the General Meeting, as soon as the Court Meeting has concluded or been adjourned, if later). Further details of the Court Meeting and the General Meeting are set out in paragraph 4(c) of Part 2 (*Explanatory Statement*) of this document.

**It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of opinion of the Scheme Shareholders. You are therefore urged to complete and return your Forms of Proxy, make an electronic appointment of a proxy or submit a proxy vote via CREST as soon as possible.**

#### **16. Recommendation**

**The Artilium Recommending Directors, who have been so advised by finnCap as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the Artilium Recommending Directors, finnCap has taken into account the commercial assessments of the Artilium Recommending Directors. finnCap is providing independent financial advice to the Artilium Recommending Directors for the purposes of Rule 3.1 of the Takeover Code.**

**Accordingly, the Artilium Recommending Directors recommend unanimously that Artilium Independent Shareholders vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting, as the Artilium Recommending Directors have irrevocably undertaken to do in respect of their own beneficial holdings of 71,122,994 Artilium Shares (representing, in aggregate, approximately 20.026 per cent. of the Artilium Shares in issue on the Last Practicable Date).**

#### **17. Further information**

Your attention is drawn to the letter from finnCap set out in Part 2 (*Explanatory Statement*) of this document (being the explanatory statement made in compliance with section 897 of the Companies Act), which gives further details about the Acquisition and to the terms of the Scheme that are set out in full in Part 4 (*The Scheme of Arrangement*) of this document.

Please note that reading the information in this letter is not a substitute for reading the remainder of this document.

You are advised to read the whole of this document and not just rely on the summary information contained in this letter.

Yours faithfully

**Jan Paul Menke**  
*Chairman*

## PART 2

### EXPLANATORY STATEMENT

(in compliance with section 897 of the Companies Act)

20 August 2018

To all Artilium Shareholders and, for information only, to persons with information rights

Dear Artilium Shareholder

#### RECOMMENDED OFFER BY PARETEUM CORPORATION FOR ARTILIUM PLC

##### 1. Introduction

On 7 June 2018, the Artilium Board and the Pareteum Board announced that they had reached agreement regarding the terms of a recommended share and cash offer by Pareteum to acquire the issued and to be issued ordinary share capital of Artilium not already owned by Pareteum. The Acquisition is to be effected by means of a scheme of arrangement under Part 26 of the Companies Act.

Your attention is drawn to the letter from the Chairman of Artilium, Jan Paul Menke, set out in Part 1 (*Letter from the Chairman of Artilium*) of this document, which forms part of this Explanatory Statement. That letter contains, among other things, information on the background to, and reasons for, recommending the Acquisition and the unanimous recommendation by the Artilium Recommending Directors to Artilium Shareholders to vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting.

Specifically, the letter from the Chairman of Artilium set out in Part 1 (*Letter from the Chairman of Artilium*) of this document also states that the Artilium Recommending Directors, who have been so advised by finnCap as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the Artilium Recommending Directors, finnCap has taken into account the commercial assessments of the Artilium Recommending Directors.

We have been authorised by the Artilium Directors to write to you to explain the terms of the Acquisition and the Scheme and to provide you with other relevant information. This Explanatory Statement contains a summary of the provisions of the Scheme. The Scheme is set out in full in Part 4 (*The Scheme of Arrangement*) of this document. Your attention is drawn to the other parts of this document, including the information in Part 6 (*Additional Information*) of this document.

The Scheme is subject to the Conditions set out in Part 3 (*Conditions to and further terms of the Acquisition*) of this document being satisfied or (where applicable) waived.

**Artilium Shareholders should read the whole of this document before deciding whether or not to vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting.**

##### 2. Summary of the terms of the Acquisition and the Scheme

The Acquisition is to be effected by way of a scheme of arrangement under Part 26 of the Companies Act, which is set out in full in Part 4 (*The Scheme of Arrangement*) of this document.

Pursuant to the Scheme, which is subject to the Conditions and further terms set out in Part 3 (*Conditions to and further terms of the Acquisition*) of this document, Scheme Shareholders will be entitled to receive:

for each Scheme Share held at the Scheme Record Time:	0.1016 New Pareteum Shares; plus 1.9 pence in cash
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If the Acquisition becomes Effective, Pareteum Stockholders will hold approximately 60.1 per cent., and Artilium Shareholders will hold approximately 39.9 per cent., of Pareteum's enlarged issued share capital. Pareteum Stockholders will hold approximately 65.2 per cent., and Artilium Shareholders will

hold approximately 34.8 per cent., of Pareteum's enlarged fully diluted share capital on completion of the Acquisition.

The Acquisition values each Artium Share at 22.27 pence and the entire issued and to be issued ordinary share capital of Artium at approximately £88.9m, based on Pareteum's closing share price of \$2.55 on the Last Practicable Date and a GBP:USD exchange rate of 1.2716.

The implied value of 22.27 pence per Artium Share represents a premium of approximately:

- 35.0 per cent. to the Closing Price of 16.5 pence per Artium Share on the last Business Day before the commencement of the Offer Period;
- 35.5 per cent. to the Volume Weighted Average Price per Artium Share during the one month period ended on the last Business Day before the commencement of the Offer Period;
- 48.2 per cent. to the Volume Weighted Average Price per Artium Share during the three month period ended on the last Business Day before the commencement of the Offer Period; and
- 170.0 per cent. to the Closing Price of 8.25 pence per Artium Share on 13 October 2017 (being the last Business Day prior to the date of Artium's announcement of its strategic alliance with Pareteum).

The Acquisition represents an implied Enterprise Value/LTM Revenue 31 December 2017 multiple for Artium of 4.3x.<sup>3</sup>

The New Pareteum Shares will be issued credited as fully paid and will rank pari passu in all respects with Pareteum Shares in issue at the time that the New Pareteum Shares are issued pursuant to the Acquisition, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling on or after the Effective Date. Application will be made to the NYSE American for the New Pareteum Shares to be listed on the NYSE American on completion of the Acquisition.

Fractions of pence will not be paid to Scheme Shareholders and cash entitlements will be rounded down to the nearest penny. Fractions of New Pareteum Shares or Pareteum CDIs will not be issued to Artium Shareholders. Instead, Artium Shareholders who otherwise would have received a fraction of a New Pareteum Share or Pareteum CDI will receive an additional amount in cash, rounded down to the nearest cent, based on the amount obtained by multiplying such fraction by the average of the high and low sales prices of Pareteum Shares on the NYSE American on each of the five consecutive trading days ending on the trading day that is two trading days prior to the Effective Date (which amount will be paid in pounds sterling at the exchange rate prevailing at the close of business on the Effective Date).

If Artium or Pareteum reasonably believes or is advised that an Artium Shareholder is a Restricted Overseas Holder, Pareteum may at its discretion determine that either (i) such Artium Shareholder shall not have allotted or issued to him New Pareteum Shares or Pareteum CDIs and that the New Pareteum Shares or Pareteum CDIs which would otherwise have been attributable to such Artium Shareholder under the terms of the Acquisition shall be sold in the market and the cash proceeds of such sale forwarded to such Artium Shareholder or (ii) the New Pareteum Shares or Pareteum CDIs shall be issued to such Artium Shareholder but shall be sold in the market on his behalf and the cash proceeds of such sale forwarded to the relevant Artium Shareholder (in each case after deduction of broking fees and other sale costs and expenses).

The transaction is expected to deliver compelling financial benefits for the shareholders of both Pareteum and Artium, including significant accretion to Pareteum's Non-GAAP earnings per share<sup>4</sup>, strong growth in pro forma operating cashflow generation and material cost and revenue synergies.

Pareteum has agreed that, on completion of the Acquisition, Bart Weijermars will be engaged as Chief Executive Officer of Pareteum Europe BV in accordance with the terms of the Management Services Agreement.

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<sup>3</sup> See paragraph 22 of Part 8 (*Sources of Information and Bases of Calculation*).

<sup>4</sup> See paragraph 23 of Part 8 (*Sources of Information and Bases of Calculation*).

The Artilium Shares will be acquired by Pareteum fully paid and free from all liens, equitable interests, charges, Encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing at the date of the Rule 2.7 Announcement or thereafter attaching thereto, 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 capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of the Rule 2.7 Announcement in respect of the Artilium Shares. If any dividend or other distribution in respect of the Artilium Shares is declared, paid or made on or after the date of the Rule 2.7 Announcement, Pareteum reserves the right to reduce the consideration payable for each Artilium Share under the terms of the Acquisition by the amount per Artilium Share of such dividend or distribution.

### **3. Background to, and reasons for, the Acquisition**

The Pareteum Directors and the Artilium Recommending Directors recognise that the businesses are a natural fit. Since announcing the strategic alliance between Pareteum and Artilium in October 2017, the Pareteum Directors and the Artilium Recommending Directors have been incredibly pleased by the way the businesses have successfully collaborated and by their customers' enthusiasm for the partnership. In the few months since the alliance was launched, the two companies have collaborated on at least 18 opportunities, resulting in 7 sales wins and an increasing pipeline of potential deals to pursue. Pareteum estimates that over \$65 million has been added to its 36-month contractual revenue backlog as a direct result of the engagement. The Pareteum Directors and the Artilium Recommending Directors also consider that the two management teams have worked well together and proven to be highly complementary.

The Pareteum Directors and the Artilium Recommending Directors believe there is considerable industrial logic for bringing the two companies together, underpinned by four key principles:

1. *Expansion:* Together, Pareteum and Artilium can offer customers a more complete enterprise and retail product offering, increasing penetration of the combined existing customer base. With this expanded product set, the combined business will be better positioned to acquire new customers, thereby diversifying revenue streams. The combination would also provide an immediate path for cross-selling into the companies' respective geographic markets, particularly within Northern Europe, Asia and the Americas, while creating a larger base from which to expand into new markets.
2. *Scale:* Combining Pareteum and Artilium will create a leading provider of cloud communications software and services and a significant opportunity to realize the benefits of a scaled organization. The Combined Group would have pro-forma FY2018 revenues of \$49.0 million. For example, the Combined Group will be able to reduce carrier fees and cloud costs through greater purchasing volumes, making each sale more profitable. The Combined Group will realise opportunities to reduce corporate overheads and to realise capital expenditure savings through more efficient space and hardware utilization. These savings can be reinvested to accelerate product and technology development and support revenue growth.
3. *Capital:* The Combined Group will have a greatly enhanced financial profile with which to access the capital markets. The Pareteum Directors and the Artilium Recommending Directors believe that, as a combined company, third party capital will be available on significantly improved terms to accelerate the growth story of the Combined Group. Furthermore, as a larger company with a stronger financial profile and a more diverse shareholder base, the Pareteum Directors and the Artilium Recommending Directors believe that the Combined Group could have greater coverage from equity research analysts, enhancing the profile of the Combined Group with the investor community. Artilium Shareholders will also benefit from the much greater liquidity of Pareteum's shares.
4. *Platform:* With an expanded product portfolio and customer base, a scaled and right-sized cost structure, and an enhanced financial profile with greater access to capital markets, the Pareteum Directors and the Artilium Recommending Directors believe that the Combined Group will provide a strong platform for acquisitions. The Pareteum Directors and the Artilium Recommending Directors believe that the Combined Group will be the buyer of choice for many sellers. The Pareteum Directors and the Artilium Recommending Directors believe that there is a strong pipeline of potential add-on M&A available to the combined company that will be value-enhancing for shareholders.

Furthermore, the Pareteum Directors and the Artilium Recommending Directors believe that the Acquisition offers the opportunity for their respective shareholders to benefit from the significant long-term value creation that is expected to be unlocked by the combination, as well as offering Artilium Shareholders a partial liquidity event.

On 6 August 2018, Pareteum and Artilium made a joint announcement regarding the filing of the definitive proxy statement, timetable update and announcement of profit forecasts and quantified financial benefits statements (the “**Profit Forecast/QFBS Announcement**”). Within the Profit Forecast/QFBS Announcement (and also the Proxy Statement, Pareteum’s announcement of its second quarter 2018 results dated 6 August 2018, and an updated investor presentation in respect of the Acquisition dated 6 August 2018), the Pareteum Forecasts, Artilium Forecasts and Quantified Financial Benefits Statements were published. These technically constitute “profit forecasts” (or “quantified financial benefit statements”, in respect of the Quantified Financial Benefits Statements) for the purposes of Rule 28 of the Takeover Code, and accordingly in the Profit Forecast/QFBS Announcement either (as relevant) (a) were reported on by Squar Milner and Jefferies or (b) were subject to “directors’ confirmations” by the directors of Pareteum/Artilium pursuant to Rule 28.1(c)(i) of the Code. The Quantified Financial Benefits Statements are not intended as a profit forecast and should not be interpreted as such.

The Appendix (*Profit Forecasts and Quantified Financial Benefits Statements*) to this document repeats (for ease of reference) the Pareteum Forecasts, Artilium Forecasts and Quantified Financial Benefits Statements, and includes the requisite updated references to reports and confirmations required by the Takeover Code.

#### **4. Structure of the Acquisition**

##### **(a) The Scheme**

It is intended that the Acquisition will be implemented by way of the Scheme. The Scheme is an arrangement to be made between Artilium and the Scheme Shareholders, to which Pareteum will adhere, under Part 26 of the Companies Act. This involves an application by Artilium to the Court to sanction the Scheme pursuant to which the Scheme Shares will be transferred to Pareteum, in consideration for which the Scheme Shareholders on the register of members of Artilium at the Scheme Record Time will receive the Offer Consideration from Pareteum on the basis set out in paragraph 2 of this Part 2 (*Explanatory Statement*).

Any Artilium Shares issued on or before the Scheme Record Time will be subject to the terms of the Scheme. The Scheme will not extend to Artilium Shares issued after the Scheme Record Time. Scheme Shares will be acquired by Pareteum pursuant to the Scheme fully paid and free from all liens, equitable interests, charges, Encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing at the date of the Rule 2.7 Announcement or thereafter attaching thereto, 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 capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of the Rule 2.7 Announcement in respect of the Artilium Shares.

If the Scheme does not become Effective on or before the Long Stop Date (or such later date as Pareteum and Artilium may, with the consent of the Panel and, if required, the Court, agree), it will lapse and the Acquisition will not proceed (unless the Panel otherwise consents).

##### **(b) Conditions to the Acquisition**

The Acquisition and, accordingly, the Scheme remain subject to a number of Conditions set out in full in Part 3 (*Conditions to and further terms of the Acquisition*) of this document, including, among other things, the following events occurring on or before the Long Stop Date:

- the approval of the Pareteum Stockholder Resolution by a majority of votes cast by Pareteum Stockholders at the Stockholder Meeting by no later than the Long Stop Date;
- the approval of the Scheme by a majority in number representing not less than 75 per cent. in value of the Artilium Independent Shareholders entitled to vote and present and voting, either in person or by proxy, at the Court Meeting (or at any adjournment, postponement



or reconvention of such meeting) on or before the 22nd day after 14 September 2018 (date of the Court Meeting) (or such later date, if any, as may be agreed between Pareteum and Artilium and the Court may allow);

- the passing of the Resolutions (other than the Resolution to approve the Management Arrangement) by the requisite majority at the General Meeting to be held on or before the 22nd day after 14 September 2018 (the date of the General Meeting) (or such later date, if any, as Pareteum and Artilium may agree and the Court may allow);
- the passing of the Resolution to approve the Management Arrangement by the requisite majority of the Artilium Independent Shareholders at the General Meeting to be held on or before the 22nd day after 14 September 2018 (the date of the General Meeting) (or such later date, if any, as Pareteum and Artilium may agree and the Court may allow);
- the approval of the listing of the New Pareteum Shares by the NYSE American by no later than the Long Stop Date; and
- the sanction of the Scheme on or before the 22nd day after 28 September 2018 (the date of the Court Hearing) (or such later date, if any, as may be agreed between Pareteum and Artilium and the Court may allow) and the delivery of an office copy of the Court Order to the Registrar of Companies.

The Acquisition can only become Effective if all Conditions, including those described above, have been satisfied or, if capable of waiver, waived. If any Condition is not capable of being satisfied (or, if capable of waiver, waived) by the date specified therein, Pareteum shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by no later than 8.00 a.m. on the Business Day following the date so specified, stating whether Pareteum has invoked that Condition, waived that Condition or, with the agreement of Artilium, specified a new date by which that Condition must be satisfied.

Pareteum may not invoke a Condition so as to cause the Acquisition not to proceed unless the circumstances which give rise to the right to invoke the Condition are of material significance to Pareteum in the context of the Acquisition. The Conditions relating to the passing of the resolutions to approve and implement the Acquisition to be proposed at the Artilium Shareholder Meetings, the sanction of the Scheme by the Court, the approval of the Pareteum Stockholder Resolution by the Pareteum Stockholders at the Stockholder Meeting and the Admission of the New Pareteum Shares to the NYSE American, amongst others, are not subject to this requirement.

(c) ***Artilium Shareholder approvals***

The Scheme and the Acquisition are subject to satisfaction or (if applicable) waiver of the Conditions set out in Part 3 (*Conditions to and further terms of the Acquisition*) of this document. In order to become Effective, the Scheme will require the approval of the Scheme Shareholders at the Court Meeting and the passing of the Resolutions by the Artilium Shareholders at the General Meeting, both of which will be held on 14 September 2018 at 11.00 a.m. and 11.15 a.m. respectively (or, in the case of the General Meeting, as soon as the Court Meeting has concluded or been adjourned, if later). The Court Meeting is being convened at the direction of the Court to seek the approval of Scheme Shareholders for the Scheme. The General Meeting is being convened by the Artilium Directors to seek the approval of Artilium Shareholders to enable the Artilium Directors to implement the Scheme, to amend the Artilium Articles as described below and to re-register Artilium as a private limited company (subject to and conditional upon the Scheme becoming Effective).

Notices of both the Court Meeting and the General Meeting are set out at Part 10 (*Notice of Court Meeting*) and Part 11 (*Notice of General Meeting*) of this document, respectively.

If you are in any doubt as to whether or not you are permitted to vote at either the Court Meeting or the General Meeting or have any questions in relation to this document, the Artilium Shareholder Meetings, or the completion and return of the Forms of Proxy, please contact Artilium's registrar, Neville Registrars, using the contact information set out on the cover page of this document.



The Scheme and the Acquisition are subject to the approval of Scheme Shareholders by the passing of a resolution at the Court Meeting. At the Court Meeting, voting will be by poll and not a show of hands and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held by them at the Voting Record Time. This resolution must be approved by a majority in number of those Scheme Shareholders who are on the register of members of Artilium at the Voting Record Time, entitled to vote, and are present and voting at the Court Meeting, either in person or by proxy, and the Scheme Shares voted in favour must represent not less than 75 per cent. in value of all the Scheme Shares voted by the Scheme Shareholders. Artilium Shares beneficially owned by Pareteum or another member of the Pareteum Group will not be eligible to be voted on the resolution at the Court Meeting to approve the Scheme and the Scheme will not apply to such Artilium Shares. As at the Last Practicable Date, 27,695,177 Artilium Shares were registered in the name of or beneficially owned by Pareteum or another member of the Pareteum Group.

**It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of opinion of the Scheme Shareholders. You are therefore urged to complete and return your Form of Proxy, make an electronic appointment of a proxy or submit a proxy via CREST as soon as possible.**

In addition, the General Meeting has been convened to consider and, if thought fit, pass resolutions 1, 2 and 3 of the Resolutions (which require a vote in favour of not less than 75 per cent. of the votes cast, whether in person or by proxy) to approve the taking of actions by the Artilium Directors to implement the Scheme (including the re-registration of Artilium as a private company and the adoption of certain amendments to the Artilium Articles in accordance with the Scheme and in the manner described in paragraph (g) below), and resolution 4 of the Resolutions (which requires a vote in favour of more than 50 per cent. of the votes cast, whether in person or by proxy) to approve the Management Arrangement.

Voting on the Resolutions will be by way of a poll and each Artilium Shareholder present in person or by proxy will be entitled to one vote for every Artilium Share held by them at the Voting Record Time.

Entitlement to attend, speak and vote at these meetings and the number of votes which may be cast at the meetings will be determined by reference to the register of members of Artilium at the Voting Record Time. All Artilium Shareholders whose names appear on the register of members of Artilium at 10.00 p.m. on 12 September 2018 or, if either the Court Meeting or the General Meeting is adjourned, on the register of members at 10.00 p.m. on the date two calendar days before the date set for the adjourned meeting, shall be entitled to attend and speak and vote at the relevant meeting in respect of the number of Artilium Shares registered in their name at the relevant time.

(d) ***Pareteum stockholder approval***

The total number of New Pareteum Shares which Pareteum intends to issue in consideration for the Acquisition will be at least 20 per cent. of Pareteum's issued share capital prior to completion of the Acquisition. Accordingly, Pareteum will be required, under the rules of the NYSE American, to obtain the approval of the Pareteum Stockholder Resolution by a majority of votes cast by Pareteum Stockholders at the Stockholder Meeting.

The Scheme will be conditional upon, amongst other things, the passing of the Pareteum Stockholder Resolution by a majority of votes cast at the Stockholder Meeting. The Pareteum Directors intend unanimously to recommend that Pareteum Stockholders vote in favour of the Pareteum Stockholder Resolution. Artilium intends to vote its entire holding of 3,200,332 common shares in Pareteum in favour of the Pareteum Stockholder Resolution.

The Stockholder Meeting has been convened for 10.00 a.m. (New York time) on 13 September 2018.

(e) ***Court Hearing***

The Scheme also requires the sanction of the Court at the Court Hearing. The Court Hearing is currently expected to take place on 28 September 2018.

Any change to the date of the Court Hearing will be communicated to Artilium Shareholders by an announcement via a Regulatory Information Service and published on Artilium's website at [www.artilium.com/investors](http://www.artilium.com/investors). Pareteum has confirmed that it will undertake to the Court to be bound by the Scheme and to execute and do, or procure the execution or doing, of all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purposes of giving effect to the Scheme. All Artilium Shareholders are entitled to attend the Court Hearing in person or through counsel to support or oppose the sanctioning of the Scheme.

The Scheme will become Effective as soon as a copy of the Court Order has been delivered to the Registrar of Companies for registration. Upon the Scheme becoming Effective, Artilium will become a subsidiary of Pareteum and Pareteum will seek to have Artilium re-registered as a private limited company. It is intended that, after the Scheme has become Effective, the listing of the Artilium Shares on AIM will be cancelled and the Artilium Shares will cease to be admitted to trading on AIM.

Settlement of the Offer Consideration to which any Scheme Shareholder is entitled under the Scheme will be effected as set out in paragraph 14 of this Part 2 (*Explanatory Statement*) as soon as practicable and in any case, within 14 days of the Effective Date.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, including any Scheme Shareholders who did not vote to approve the Scheme or who voted against the Scheme at the Court Meeting or the General Meeting.

(f) ***The New Pareteum Shares***

The New Pareteum Shares will be issued credited as fully paid and will rank pari passu in all respects with Pareteum Shares in issue at the time that the New Pareteum Shares are issued pursuant to the Acquisition, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling on or after the Effective Date. Further details of the rights attached to the New Pareteum Shares are set out in Part 7 (*Description of the Pareteum Shares*) of this document.

(g) ***Amendment to the Artilium Articles***

The Resolutions to be proposed at the General Meeting contain provisions to amend the Artilium Articles to ensure that any Artilium Shares issued (other than to Pareteum, its nominees or any member of the Pareteum Group) after the Scheme Record Time will automatically be acquired by Pareteum on the same terms (other than terms as to timings and formalities) as under the Scheme. These provisions will avoid any person (other than a member of the Pareteum Group) holding Artilium Shares after dealings in such shares have ceased on AIM. Resolution 2 of the Resolutions set out in the notice of the General Meeting in Part 11 (*Notice of General Meeting*) of this document seeks the approval of Artilium Shareholders for such amendment.

(h) ***Modifications to the Scheme***

The Scheme contains a provision for Artilium and Pareteum to consent on behalf of all persons concerned to any modification of, addition to, or condition approved or imposed on, the Scheme by the Court. The Court would be unlikely to approve any modification of, or additions to, or impose a condition to the Scheme which might be material to the interests of the Scheme Shareholders unless Scheme Shareholders were informed of such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in these circumstances.

(i) ***Alternative means of implementing the Acquisition***

Pareteum has reserved the right, subject to the prior consent of the Panel and in certain circumstances the terms of the Co-operation Agreement, to implement the Acquisition by making a Takeover Offer, in which case additional documents will be required to be sent to Artilium Shareholders. In such an event, the Takeover Offer will be implemented on the same terms subject to appropriate amendments, including, if the Panel so agrees, an acceptance condition set at 90 per cent. of the shares to which such offer relates or such other lower percentage as the Panel may agree provided that if it became or was declared unconditional in all respects, the Takeover Offer would result in Pareteum holding Artilium Shares carrying greater than 50 per cent. of the voting rights in Artilium.

## 5. Artilium overview

Artilium is an innovative software development company active in the enterprise communications and core telecommunication markets delivering software solutions which layer over disparate fixed, mobile and IP networks to enable the deployment of converged communication services and applications.

In broad terms, Artilium provides services to both telecom infrastructure customers (across Mobile Network Operators (MNOs), Mobile Virtual Network Operators (MVNOs), Mobile Virtual Network Enablers (MVNEs), Fixed and Alternative Operators, Hosting Providers, System Integrators and Managed Service Providers) such as Proximus and Telenet, as well as enterprise customers, such as Philips. Across products and businesses, Artilium provides services to more than 20 million end-users.

Artilium and Pareteum have since October 2017 benefitted from a strategic alliance entered into with the intention of jointly pursuing new and developed markets, accelerating growth and increasing market penetration for both Artilium and Pareteum.

Artilium's core product offering is the ARTA® platform, a mobile enablement platform which allows network operators to open networks to third party developers and launch new services in a flexible manner. Artilium can provide its customers with a bespoke version of its ARTA Service Delivery Platform, suitably tailored for the needs of the user, or as a product suite from the cloud as a PaaS (Platform as a Service).

The ARTA platform can support multiple configurations depending upon the requirements of the operator and/or managed services provider. For example:

- network operators can provide third-party developers with access to their network, allowing that third party to benefit from the rapid applications and services delivery models of the web in delivering a new wave of mobile services;
- cable companies innovating with “triple-play” offerings (being the classic offering of TV/broadband Internet/home phone bundles) and “quad-play” offerings (adding mobile to the “triple-play”) can deliver, monetize and manage new revenue-generating services such as pay-per-download, toll-free and premium number services, segmented mobile offerings and online self-care;
- companies which are delivering connected devices, smart home solutions and other connected applications are supported by the specific functionality designed for the IoT (Internet of Things) segment.

Artilium Group's other significant trading businesses include:

- Interactive Digital Media GmbH (“**IDM**”), an international cloud communications provider headquartered in Lubeck, Germany which was acquired by Artilium in January 2018. IDM is focussed on providing enterprise messaging and communication, cost-efficient SMS wholesale and application-to-person SMS hubbing directly to internet OTT (Over The Top) clients. Its customers include MNOs as well as large corporates. IDM is an Associate Member of the GSMA and a certified Open Connectivity Solution Provider;
- United Telecom NV, a provider and reseller of telecommunications services in Belgium and the Netherlands, headquartered in Rotselaar, Belgium. Its telecom operating services include the development and sale of carrier grade services for telecom service providers, including fixed, mobile, and VoIP (Voice over IP). United Telecom NV uses ARTA technology to provide managed services to MVNOs and enterprises, and has several of its own brands with which it offers its services directly to its customers;
- Artilium BV (operating under the trade names Comsys and Livecom), which operates from Soesterberg, the Netherlands, and provides interactive telephony services, multi-channel call centre solutions and value-added communication services such as voicemail, call routing, smart roaming as well as voice services to large telecommunication as well as enterprise customers.

Artilium is a Microsoft Gold Certified Partner and enjoys a close working relationship with the company.

## 6. Pareteum overview

Pareteum is a leading global provider of mobile communications technology platforms and high-value services that increase revenues and reduce costs for its customers globally with a

Software-as-a-Service (SaaS) business model and a diverse customer base that ranges from small tech companies to some of the largest mobile networks in the world. Organizations use Pareteum to energize their growth and profitability through cloud communication services and complete turnkey solutions featuring relevant content, applications, and connectivity worldwide. Pareteum's platform services partners (technologies integrated into Pareteum's cloud) include: HPE, IBM, Sonus, Oracle, Microsoft, and other world class technology providers. All of the relevant customer acquired value is derived from Pareteum's award winning software, developed and enhanced over many years. By harnessing the value of communications, Pareteum serves enterprise, retail and IoT customers. Pareteum currently has offices in New York, Sao Paulo, Madrid, Barcelona, Bahrain and the Netherlands. Pareteum is listed on the NYSE American (NYSE American: TEUM).

## 7. Financial effects of the Acquisition

### (a) Financial Position of the Combined Group

With effect from the Effective Date, the earnings, assets and liabilities of the Combined Group will include the consolidated earnings, assets and liabilities of the Artilium Group on the Effective Date.

The Appendix (*Profit Forecasts and Quantified Financial Benefits Statements*) sets out the potential effect of the Acquisition on the earnings of the Combined Group.

On a pro forma basis and assuming that the Acquisition had become Effective on 31 March 2018, the Combined Group would have had (based on the net assets of the Pareteum Group and the Artilium Group as at 31 March 2018):

- (i) total net assets of approximately \$106,171,028; and
- (ii) total liabilities of approximately \$22,044,436.

### (b) Financial effect of the Acquisition on the Artilium Shareholders

If the Acquisition completes, Scheme Shareholders will be entitled to receive 1.9 pence in cash and 0.1016 New Pareteum Shares per Artilium Share.

The following table shows, for illustrative purposes only, and on the bases and assumptions set out in the notes below, the financial effects of the Acquisition on capital value and income for a holder of 1,000 Artilium Shares, receiving the default Offer Consideration.

Column (A) is based on the Closing Price of Pareteum Shares and Artilium Shares on the Last Practicable Date.

Column (B) is based on the Closing Price of Pareteum Shares and Artilium Shares on 6 June 2018 (being the last Business Day prior to the publication of the Rule 2.7 Announcement)

<i>Illustrative effect on capital value of 1,000 Artilium Shares</i>	<i>(A)</i>	<i>(B)</i>
Market value of the 101.60 New Pareteum Shares <sup>(1)</sup>	£203.74	£176.49
Value of cash portion of the Offer Consideration <sup>(2)</sup>	£19.00	£19.00
<b>Total value of the Pareteum Offer Consideration</b>	<b>£222.74</b>	<b>£195.49</b>
Less: Market value of 1,000 Artilium Shares <sup>(3)</sup>	£200.00	£165.00
<b>Illustrative increase/(decrease) in capital value</b>	<b>£22.74</b>	<b>£30.49</b>
<i>Percentage difference</i>	<i>11.37%</i>	<i>18.48%</i>
<i>Illustrative effect on income of 1,000 Artilium Shares</i>	<i>(A)</i>	<i>(B)</i>
Gross annual dividend income from 101.60 New Pareteum Shares	£0	£0
Gross income from reinvestment of the cash portion of the Offer Consideration	£0	£0
<b>Total gross income under the terms of the Acquisition in respect of 1,000 Artilium Shares</b>	<b>£0</b>	<b>£0</b>
Less: Gross dividend income from 1,000 Artilium Shares	£0	£0
<b>Illustrative increase/(decrease) in gross income</b>	<b>£0</b>	<b>£0</b>
<i>Percentage difference</i>	<i>0%</i>	<i>0%</i>

Notes:

- (1) Artilium / Pareteum share exchange ratio of 0.1016x; market value of Pareteum shares based on the closing price of:
  - (1A) USD 2.55 on 16 August 2018 converted into GBP at GBP:USD of 1.2716
  - (1B) USD 2.33 on 6 June 2018 converted into GBP at GBP:USD of 1.3413
- (2) Based on a cash consideration of 1.9 pence per Artilium share
- (3) Market value of Artilium shares based on the closing price of:
  - (3A) GBP 0.20 on 16 August 2018
  - (3B) GBP 0.1650 on 6 June 2018

## **8. Offer related arrangements**

Summaries of offer-related arrangements are set out in paragraph 12 of Part 6 (*Additional Information*) of this document. These agreements have been published on Artilium's website at [www.artilium.com/investors](http://www.artilium.com/investors) and Pareteum's website at [www.pareteum.com/investors](http://www.pareteum.com/investors).

### **Confidentiality Agreement**

Pareteum and Artilium entered into the Confidentiality Agreement dated 31 January 2018 pursuant to which each party has undertaken to keep confidential information relating to the other and not to disclose it to third parties (other than to permitted disclosees) unless required by law or regulation. It may be terminated by either party upon 30 days prior written notice, with all confidentiality obligations remaining in force for a period of 3 years from the date of such termination.

### **Co-operation Agreement**

Pareteum and Artilium have entered into the Co-operation Agreement, pursuant to which Pareteum and Artilium have agreed to certain undertakings to co-operate and provide each other with reasonable information, assistance and access in relation to the filings, submissions and notifications to be made in relation to the regulatory clearances and authorisations that are required in connection with the Acquisition. Pareteum and Artilium have also agreed to provide each other with reasonable information, assistance and access for the preparation of certain parts of the Proxy Statement.

Pareteum has agreed to certain limited restrictions on its conduct of business in respect of material matters pending the Acquisition becoming Effective. Artilium is expressly permitted to issue to finnCap on the day of the Court Hearing (but conditional on the grant of the order of the Court sanctioning the Scheme) 767,297 Artilium Shares (in part payment of finnCap's fee).

The Co-operation Agreement records Pareteum's and Artilium's intention to implement the Acquisition by way of the Scheme, subject to the ability of Pareteum to proceed by way of a Takeover Offer which is subject to obtaining the consent of the Panel, if required.

The Co-operation Agreement shall be terminated with immediate effect if Pareteum and Artilium so agree in writing. In addition, the Co-operation Agreement shall be terminated if, inter alia (i) written notice is served by or on behalf of Pareteum or Artilium where a Condition becomes incapable of satisfaction or is invoked so as to cause the Acquisition not to proceed, (ii) the Scheme is withdrawn or lapses (other than where such lapse or withdrawal is a result of the exercise of a right to switch to a Takeover Offer), (iii) the Scheme does not become Effective by the Long Stop Date, (iv) the Artilium Recommending Directors withdraw, adversely modify or adversely qualify their recommendation of the Acquisition, or (v) the Pareteum Directors withdraw, adversely modify or adversely qualify their recommendation of the Pareteum Stockholder Resolution.

The Co-operation Agreement also contains provisions that will apply in respect of the Artilium Management Options.

### **Management Services Agreement**

On 8 May 2018 (and as amended on 7 June 2018), Pareteum and Bart Weijermars (acting by the Management Company) entered into the Management Services Agreement, setting out the terms on



which Bart Weijermars will be engaged as Chief Executive Officer of Pareteum Europe BV following completion of the Acquisition. The Management Services Agreement is entirely conditional on Pareteum acquiring not less than 90 per cent. of the issued share capital of Artilium pursuant to the Acquisition and, thereafter, may be terminated without cause by either party on 12 months' notice.

The Management Services Agreement includes the terms of the proposed Management Arrangement to be put in place between Pareteum and Bart Weijermars to, amongst other things, incentivise Bart Weijermars, as Chief Executive Officer of Pareteum Europe BV, in connection with the future performance of the Pareteum Group following the Scheme becoming Effective. For the purposes of Rule 16.2 of the Takeover Code, finnCap has confirmed that, in its opinion, the terms of the Management Arrangement are fair and reasonable so far as the Artilium Independent Shareholders are concerned. In providing its opinion, finnCap has taken into account the commercial assessment of the Artilium Recommending Directors. As the Management Arrangement includes an incentivisation arrangement for Bart Weijermars, a director of Artilium, who also holds shares in Artilium, the Management Arrangement is subject to the approval of Artilium Independent Shareholders in accordance with Rule 16 of the Takeover Code.

Bart Weijermars is the beneficial owner of 1,560,000 Artilium Shares (which shares are legally held by Securities Services Nominees Limited), and is the beneficial owner of Grootzande Beheer BV, which entity is the beneficial owner of 863,633 Artilium Shares (which shares are also legally held by Securities Services Nominees Limited). Bart Weijermars will procure that Securities Services Nominees Limited does not vote these Artilium Shares at the Court Meeting to approve the Scheme, but will instead procure the consent of Securities Services Nominees Limited to be bound by the Scheme.

## **9. Artilium Directors and the effect of the Scheme on their interests**

Details of the interests of the Artilium Directors in Artilium Shares and options and awards in respect of Artilium Shares are set out in paragraph 6 of Part 6 (*Additional Information*) of this document.

The Artilium Recommending Directors, each of whom hold Artilium Shares or otherwise control the voting rights in respect of such shares have irrevocably undertaken to vote (or procure the voting) in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting in respect of the beneficial holdings which are under their control, of, in aggregate, 71,122,994 Artilium Shares, representing, in aggregate, approximately 20.026 per cent. of Artilium's ordinary share capital in issue on the Last Practicable Date.

In addition to the irrevocable undertakings from the Artilium Recommending Directors, Pareteum has received an irrevocable undertaking to vote or procure the voting in favour of the Resolutions at the General Meeting, save for the Resolution to approve the Management Arrangement on which he is not allowed to vote, from Bart Weijermars in respect of 2,423,633 Artilium Shares (representing, in aggregate, approximately 0.682 per cent. of Artilium's ordinary share capital in issue on the Last Practicable Date).

All non-Executive Artilium Directors, and Rupert Hutton (Chief Financial Officer), will step down from the Artilium Board with effect from the Effective Date.

Bart Weijermars will be engaged as Chief Executive Officer of Pareteum Europe BV following completion of the Acquisition.

Particulars of the Management Services Agreement, entered into on 8 May 2018 (and amended on 7 June 2018) are set out in paragraph 14(a) of Part 6 (*Additional Information*) of this document.

Save as set out in this document, the effect of the Scheme on the interests of the Artilium Directors does not differ from its effect on the like interests of any other persons.

## **10. Financing of the cash portion of the Acquisition**

Pareteum will finance the cash consideration payable to Artilium Shareholders pursuant to the Acquisition from existing cash resources.

In accordance with Rule 24.8 of the Takeover Code, Jefferies, as financial adviser to Pareteum, is satisfied that sufficient resources are available to Pareteum to enable it to satisfy in full the cash portion of the Offer Consideration payable to Artilium Shareholders pursuant to the terms of the Acquisition.



### **11. Cancellation of Pareteum Shares currently held by Artilium**

Artilium currently holds 3,200,332 common shares in Pareteum, representing 5.3 per cent. of Pareteum's issued and outstanding share capital, which will be cancelled on completion of the Acquisition.

### **12. Cancellation of listing of, and trading in, Artilium Shares, re-registration and re-organisation**

The last day of dealings in Artilium Shares on AIM is currently expected to be on the Court Sanction Date and no transfers of Artilium Shares will be registered after the Scheme Record Time. Prior to the Effective Date, Artilium will apply for the listing of the Artilium Shares on AIM to be cancelled and for the Artilium Shares to cease to be admitted to trading on AIM. Such cancellation is expected to take effect shortly after the Effective Date.

Share certificates in respect of Scheme Shares will cease to be valid from the Effective Date.

Following settlement of the Offer Consideration to which a Scheme Shareholder is entitled under the Scheme, Scheme Shareholders will be bound on the request of Artilium either (i) to destroy such share certificates in respect of Scheme Shares; or (ii) to return such share certificates to Artilium, or to any person appointed by Artilium, for cancellation.

The Resolutions contain a resolution to re-register Artilium as a private company, conditional on the Scheme becoming Effective. Therefore, on or shortly after the Effective Date, Artilium is expected to be re-registered as a private company.

### **13. Admission of, and commencement of dealings in, New Pareteum Shares**

Application will be made to the NYSE American for the New Pareteum Shares to be listed on the NYSE American. Authorisation of the additional listing by the NYSE American is a Condition to the Scheme becoming Effective and if such authorisation is not provided or is withdrawn, the Scheme shall not become Effective. It is expected that listing of the New Pareteum Shares will become effective and that dealings for normal settlement will commence at 9.30 a.m. (New York time) on the first Business Day after the Effective Date. This date may be deferred if it is necessary to adjourn the Artilium Shareholder Meetings required to approve and implement the Scheme or if there is any delay in obtaining the Court's sanction of the Scheme.

The Pareteum Shares are already listed on the NYSE American and enabled for electronic settlement through the DTC. It is expected that the New Pareteum Shares, when issued and fully paid, will be capable of being held and transferred electronically through DTC. The New Pareteum Shares will trade under ISIN US69946T2078.

Pareteum will prior to completion of the Acquisition establish a CREST depository interest dealing facility for the benefit of Artilium Shareholders so as to facilitate the trading of Pareteum Shares from outside the USA. Details of how UK shareholders can hold, access and trade the New Pareteum Shares is set out at paragraph 14 of Part 2 (*Explanatory Statement*) of this document.

### **14. Settlement**

#### ***Settlement in respect of Scheme Shares held in uncertificated form (that is, in CREST)***

##### **(a) *Share Consideration component of the Offer Consideration***

Unlike Artilium Shares, New Pareteum Shares are not capable of being held, transferred or settled directly through the CREST settlement system. For this reason, a Scheme Shareholder who holds Scheme Shares in uncertificated form through CREST (directly or through a broker or other nominee with a CREST account) immediately prior to the Scheme Record Time will not be issued New Pareteum Shares directly but will be issued Pareteum CDIs through an existing CDI programme administered through CREST in respect of Pareteum Shares. Under the arrangements, one Pareteum CDI will represent one Pareteum Share. The Pareteum CDIs will reflect the economic rights attached to the New Pareteum Shares. However, while the holders of Pareteum CDIs will have an interest in the underlying New Pareteum Shares, they will not be the registered holders of the New Pareteum Shares.

The Pareteum CDIs to which such Scheme Shareholders will be entitled under the Scheme will be delivered, held and settled in CREST and linked to the underlying New Pareteum Shares by means of the CREST International Settlement Links Service and, in particular, CREST's established link with DTC. This link operates via the services of CREST International Nominees Limited, which is a participant in DTC.

Under the CREST International Settlement Links Services, CREST Depository Limited, a subsidiary of Euroclear, issues dematerialised depository interests representing entitlements to non-UK securities (such as the New Pareteum Shares) called CREST Depository Interests or CDIs, which may be held, transferred and settled exclusively through CREST.

The terms on which CDIs are issued and held in CREST are set out in the CREST Manual (and, in particular, the deed poll set out in the CREST International Manual) and the CREST Terms and Conditions issued by Euroclear.

On settlement, the Pareteum Transfer Agent will cause the credit of the New Pareteum Shares through DTC to the securities deposit account of CREST International Nominees Limited, as nominee for CREST Depository Limited in DTC. CREST Depository Limited will then issue the Pareteum CDIs through CREST to the Receiving Agent, as receiving agent for delivery to the securities deposit account in CREST in which each such uncertificated Scheme Shareholder previously held Scheme Shares. A custody fee, as determined by CREST from time to time, is charged at the user level (i.e. to the holder of Pareteum CDIs) for the CREST International Settlement Links Service.

Pareteum and Artilium will enter into arrangements with the Receiving Agent pursuant to which Euroclear will be instructed to credit the appropriate stock account in CREST of the relevant Scheme Shareholder with such relevant Scheme Shareholder's entitlement to Pareteum CDIs as soon as practicable after the Effective Date and in any event within 14 days thereof.

Notwithstanding the above, Pareteum reserves the right to settle all or part of such consideration in accordance with paragraph 14(d) below of this Part 2 (*Explanatory Statement*) if, for reasons outside Pareteum's reasonable control, it is not able to effect settlement in accordance with this paragraph 14(a).

With effect from close of trading on the last day of dealings in Artilium Shares prior to the Effective Date, each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course. Euroclear will be instructed to credit the appropriate stock account in CREST of the CREST shareholder concerned with such CREST shareholder's entitlement to Pareteum CDIs representing New Pareteum Shares. The stock account concerned will be an account under the same participant ID and member account ID under which the relevant CREST shareholder holds the relevant Scheme Shares.

Holders of Pareteum CDIs will be able to cancel their Pareteum CDIs by settling a cross-border delivery transaction in respect of the underlying New Pareteum Shares through CREST to a DTC participant, in accordance with the rules and practices of CREST and DTC.

If Artilium or Pareteum reasonably believes or is advised that an Artilium Shareholder is a Restricted Overseas Holder, Pareteum may at its discretion determine that either (i) such Artilium Shareholder shall not have allotted or issued to him Pareteum CDIs and that the Pareteum CDIs which would otherwise have been attributable to such Artilium Shareholder under the terms of the Acquisition shall be sold in the market and the cash proceeds of such sale forwarded to such Artilium Shareholder or (ii) the Pareteum CDIs shall be issued to such Artilium Shareholder but shall be sold in the market on his behalf and the cash proceeds of such sale forwarded to the relevant Artilium Shareholder (in each case after deduction of broking fees and other sale costs and expenses).

(b) ***Rights attaching to Pareteum CDIs***

The registered holder of the New Pareteum Shares represented by Pareteum CDIs will be Cede & Co., a nominee of DTC. The custodian of those New Pareteum Shares will be CREST International Nominees Limited, who will hold them, either directly or indirectly through a sub-custodian, through book entry interests within the DTC system as nominee for CREST Depository Limited. CREST Depository Limited will hold those New Pareteum Shares on trust (as

bare trustee under English law) for the holders of Scheme Shares in uncertificated form to whom it will issue Pareteum CDIs through CREST.

Under an agreement with Euroclear, Euroclear will make a copy of the register of names and addresses of holders of Pareteum CDIs available to Pareteum (and/or its voting agent) to enable Pareteum (or its voting agent) to (a) send out notices of shareholder meetings and forms of proxy to Pareteum CDI holders; and (b) produce a definitive list of Pareteum CDI holders as at the record date of the meeting.

In order to allow holders of Pareteum CDIs to exercise rights relating to the underlying New Pareteum Shares, Pareteum will enter into arrangements pursuant to which holders of Pareteum CDIs will be able to (a) receive notices of general shareholder meetings of Pareteum; (b) give directions as to voting at general shareholder meetings of Pareteum; and (c) have made available to them and be sent, at their request, copies of the annual report and accounts of Pareteum and any other documents issued by Pareteum to holders of Pareteum Shares generally.

In addition, Cede & Co. and Euroclear have omnibus proxy arrangements pursuant to which CREST International Nominees Limited (the custodian of the New Pareteum Shares underlying the Pareteum CDIs) will be able to grant each Pareteum CDI holder the right to vote in respect of such holder's underlying New Pareteum Shares.

Holders of Pareteum CDIs will otherwise be treated in the same manner as if they were registered holders of the New Pareteum Shares underlying the Pareteum CDIs, in each case in accordance with applicable law and, so far as is possible, in accordance with the CREST arrangements.

**Scheme Shareholders who wish to have the full ease of dealing and other benefits associated with holding Pareteum Shares in DTC in the same way as existing Pareteum Stockholders should consider transferring the New Pareteum Shares they receive in CDI form under the terms of the Acquisition from CREST to DTC as soon as conveniently possible in accordance with the procedure described above.**

(c) ***Cash Consideration component of the Offer Consideration***

Cash consideration due under the Acquisition to Scheme Shareholders who hold their Scheme Shares in uncertificated form at the Scheme Record Time will be made by Pareteum procuring that Euroclear is instructed to create an assured payment obligation in favour of the relevant Scheme Shareholder's payment bank in accordance with the CREST assured payment arrangements within 14 days of the Effective Date (or such later date as the Panel may agree).

Pareteum reserves the right to issue New Pareteum Shares or Pareteum CDIs, and pay cash, to any or all Scheme Shareholders who hold their Scheme Shares in uncertificated form at the Scheme Record Time in the manner referred to below if, for reasons outside its reasonable control, it is not able to effect settlement within the CREST system.

***Settlement in respect of Artilium Shares held in certificated form (that is, not in CREST)***

(d) ***Share Consideration component of the Offer Consideration***

Each Scheme Shareholder who holds Scheme Shares in certificated form will be issued New Pareteum Shares to which he or she is entitled under the Scheme in respect of Scheme Shares held in certificated form directly, so that the name of such Scheme Shareholder will be entered as the registered owner of the relevant number of New Pareteum Shares on the Pareteum register and the Pareteum Transfer Agent will deliver share certificates to such Scheme Shareholder in respect of the New Pareteum Shares to which the Scheme Shareholder is entitled. Definitive certificates for the New Pareteum Shares will be despatched by first class post (or such other method as may be approved by the Panel) within 14 days of the Effective Date. In the case of joint Scheme Shareholders, certificates will be despatched to the joint Scheme Shareholder whose name appears first on the Artilium register of members.

The Receiving Agent will forward details of Scheme Shareholders who hold Scheme Shares in certificated form to the Pareteum Transfer Agent. The Pareteum Transfer Agent will make

arrangements for such holder to hold their New Pareteum Shares directly in registered form, recording the Scheme Shareholder's name and address within the Pareteum register.

At the Scheme Record Time, Scheme Shares will be converted into New Pareteum Shares at the prescribed rate and the Pareteum Transfer Agent will issue Pareteum share certificates to each new holder of the New Pareteum Shares. Within 14 days of the Effective Date, the share certificates will be delivered to Scheme Shareholders by first class post.

In conjunction with the distribution of new Pareteum share certificates, the Pareteum Transfer Agent will distribute to the new shareholders the applicable IRS Form W-8 tax form as a part of its new client procedures so that shareholders can certify their U.S. tax withholding status. Failure to return such form(s) provided by the Pareteum Transfer Agent as part of its new client procedures may affect the ability of the Pareteum Transfer Agent to properly pay Scheme Shareholders any dividends or other future revenues they may be entitled to, and may result in withholding tax being suffered on such payments to a greater extent than would otherwise be the case.

If Artium or Pareteum reasonably believes or is advised that an Artium Shareholder is a Restricted Overseas Holder, Pareteum may at its discretion determine that either (i) such Artium Shareholder shall not have allotted or issued to him New Pareteum Shares and that the New Pareteum Shares which would otherwise have been attributable to such Artium Shareholder under the terms of the Acquisition shall be sold in the market and the cash proceeds of such sale forwarded to such Artium Shareholder or (ii) the New Pareteum Shares shall be issued to such Artium Shareholder but shall be sold in the market on his behalf and the cash proceeds of such sale forwarded to the relevant Artium Shareholder (in each case after deduction of broking fees and other sale costs and expenses).

(e) ***Cash Consideration component of the Offer Consideration***

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, except with the consent of the Panel, settlement of cash consideration will be made in pounds sterling by cheque drawn on a branch of a clearing bank in the United Kingdom.

Cheques in respect of cash consideration will be despatched by first class post (or international standard post if overseas) at the risk of the person entitled thereto. Cheques will be sent to Scheme Shareholders at the address appearing in Artium's register of members at the Scheme Record Time or, in the case of the joint holders, to the holder whose name appears first in such register in respect of the joint holding concerned, as soon as practicable after the Effective Date and, in any event, no later than 14 days thereafter.

***General***

All documents and remittances sent to Scheme Shareholders in accordance with this paragraph 14 will be sent at the risk of the person entitled thereto.

Save with the consent of the Panel, settlement of the Offer Consideration to which any Scheme Shareholder is due under the Scheme will be implemented in full in accordance with the terms set out in this Explanatory Statement without regard to any lien, right of set off, counterclaim or analogous right to which Pareteum may otherwise be, or claim to be, entitled against any Scheme Shareholder.

**15. Fractional Entitlements**

Fractions of pence will not be paid to Scheme Shareholders and cash entitlements will be rounded down to the nearest penny. Fractions of New Pareteum Shares or Pareteum CDIs will not be issued to Artium Shareholders. Instead, Artium Shareholders who otherwise would have received a fraction of a New Pareteum Share or Pareteum CDI will receive an additional amount in cash, rounded down to the nearest cent, based on the amount obtained by multiplying such fraction by the average of the high and low sales prices of Pareteum Shares on the NYSE American on each of the five consecutive trading days ending on the trading day that is two trading days prior to the Effective Date (which amount will be paid in pounds sterling at the exchange rate prevailing at the close of business on the Effective Date).

## **16. Taxation**

Your attention is drawn to paragraphs 7(a) and 7(b) of Part 6 (*Additional Information*) which contains summaries of limited aspects of the UK tax treatment of the Scheme, and limited aspects of the UK and US tax treatment of holding New Pareteum Shares (or Pareteum CDIs). The summaries relate only to the position of certain categories of Artilium Shareholders (as explained further in paragraphs 7(a) and 7(b) of Part 6 (*Additional Information*)), do not constitute tax advice and do not purport to be a complete analysis of all potential UK and US tax consequences of the Scheme or acquiring, holding or disposing of New Pareteum Shares. Although this document contains certain tax-related information, if you are in any doubt about your own tax position or you are subject to taxation in any jurisdiction outside the UK, you should consult an appropriately qualified independent professional adviser.

## **17. Artilium Management Options**

The effect of the Scheme in relation to Artilium Management Options is described in paragraph 9 of the letter from the Chairman of Artilium in Part 1 (*Letter from the Chairman of Artilium*) of this document.

## **18. Dividends and dividend policy**

If any dividend or other distribution in respect of the Artilium Shares is declared, paid or made on or after the date of the Rule 2.7 Announcement, Pareteum reserves the right to reduce the consideration payable for each Artilium Share under the terms of the Acquisition by the amount per Artilium Share of such dividend or distribution. The cash element of the consideration payable for each Artilium Share under the terms of the Acquisition will be reduced first.

Pareteum does not intend to declare any dividends prior to the Effective Date and in the Co-operation Agreement has (subject to certain exceptions) agreed not to.

Pareteum does not intend that the Combined Group will declare any dividends in the near term.

## **19. Overseas Holders**

### ***General***

The release, publication or distribution of this document in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document and any accompanying documents come should inform themselves about, and observe, any applicable restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of such jurisdictions. All Artilium Shareholders (including, without limitation, nominees, trustees or custodians) who would, or otherwise intend to, forward this document and its accompanying documents to any jurisdiction outside the United Kingdom should seek appropriate independent professional advice before taking any action.

Neither this document nor any of the accompanying documents constitute the extension of an offer to acquire, purchase, subscribe for, sell or exchange (or the solicitation of an offer to acquire, purchase, subscribe for, sell or exchange) any securities in any jurisdiction where to do so would constitute a violation of the laws of such jurisdiction and any such offer (or solicitation) may not be extended in any such jurisdiction. Nothing in this document or the accompanying documents should be relied upon for any other purpose.

The implications of the Acquisition for Overseas Holders may be affected by the laws of the relevant jurisdictions. Overseas Holders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Holder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction. Overseas Holders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

If Artilium or Pareteum reasonably believes or is advised that an Artilium Shareholder is a Restricted Overseas Holder, Pareteum may at its discretion determine that either (i) such Artilium Shareholder shall not have allotted or issued to him New Pareteum Shares or Pareteum CDIs and that the New Pareteum Shares or Pareteum CDIs which would otherwise have been attributable to such Artilium Shareholder under the terms of the Acquisition shall be sold in the market and the cash proceeds of



such sale forwarded to such Artidium Shareholder or (ii) the New Pareteum Shares or Pareteum CDIs shall be issued to such Artidium Shareholder but shall be sold in the market on his behalf and the cash proceeds of such sale forwarded to the relevant Artidium Shareholder (in each case after deduction of broking fees and other sale costs and expenses).

This document and its accompanying documents have been prepared for the purposes of complying with English law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if these documents had been prepared in accordance with the laws of jurisdictions outside England and Wales. **Overseas Holders should consult their own legal and tax advisers with regard to the legal and tax consequences of the Scheme to their particular circumstances.**

### **US Shareholders**

The New Pareteum Shares have not been registered, and it is expected that they will not be registered, under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States absent registration or an exemption from registration under the US Securities Act.

The New Pareteum Shares are expected to be offered in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof. For the purpose of qualifying for this exemption, Artidium will advise the Court that its sanction of the Scheme will be relied upon by Pareteum as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to Artidium Shareholders at which hearing all such shareholders are entitled to appear in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all Artidium Shareholders.

The New Pareteum Shares to be issued to Artidium Shareholders pursuant to the Scheme generally should not be treated as “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and persons who receive securities in the Scheme (other than “affiliates” as described in the paragraph below) may resell them without restriction under the US Securities Act.

Under US federal securities laws, an Artidium Shareholder (whether or not a US person) who is an “affiliate” of either Artidium or Pareteum within 90 days prior to, or of Pareteum at any time following, the Effective Date will be subject to certain US transfer restrictions relating to the New Pareteum Shares received in connection with the Scheme. The New Pareteum Shares held by affiliates may not be sold without registration under the US Securities Act, except pursuant to the applicable resale provisions of Rule 144 under the US Securities Act or another exemption from the registration requirements of the US Securities Act, including transactions conducted pursuant to Regulation S under the US Securities Act. Whether a person is an “affiliate” of a company for such purposes depends upon the circumstances, but affiliates of a company can include certain officers, directors and significant shareholders. A person who believes that he or she may be an affiliate of Artidium or Pareteum should consult his or her own legal advisers prior to any sale of any New Pareteum Shares.

The Scheme will be subject to the disclosure requirements and practices applicable in the United Kingdom to acquisitions implemented by schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. However, if, in the future, Pareteum exercises the right (in accordance with paragraph 8 of Part B (*Certain further terms of the Acquisition*) of Part 3 (*Conditions to and further terms of the Acquisition*) of this document) to implement the Acquisition by way of a Takeover offer, the Takeover Offer will be made in compliance with all applicable laws and regulations, including, without limitation, section 14(e) of the US Exchange Act and Regulation 14E thereunder, and subject, in the case of participation by Artidium Shareholders resident in the United States, to the availability of an exemption (if any) from the registration requirements of the US Securities Act and of the securities laws of any state or other jurisdiction of the United States. In the event that Pareteum exercises its right to implement the Acquisition by way of a Takeover Offer or otherwise in a manner that is not exempt from the registration requirements of the US Securities Act, it will file a registration statement with the SEC containing a prospectus with respect to the New Pareteum Shares that would be issued in the Acquisition. Such Takeover Offer would be made by Pareteum and no one else. In addition to any such Takeover Offer, affiliates of Pareteum’s financial advisers, Pareteum, its affiliates, affiliates of Artidium’s financial advisers or their respective affiliates, may make certain purchases of, or arrangements to purchase, shares in Artidium outside such Takeover Offer during the period in which such Takeover Offer would remain open for acceptance. If such purchases



or arrangements to purchase were to be made they would be made outside the United States and would comply with applicable law, including the US Exchange Act. Any information about such purchases would be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service and would be available on the London Stock Exchange website: [www.londonstockexchange.com](http://www.londonstockexchange.com), or otherwise by press release.

US persons should note that the Scheme relates to the shares of an English company which are not registered under the US Exchange Act and is being implemented under English company law. Neither the tender offer rules nor the proxy solicitation rules under the US Exchange Act will apply to the Scheme. The financial information included in, or incorporated by reference into, this document has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and therefore may not be comparable to the financial information of US companies or companies whose financial statements have been prepared in accordance with US generally accepted accounting principles (“US GAAP”). US GAAP differs in certain significant respects from the accounting standards applicable in the United Kingdom. None of the financial information in, or incorporated by reference into, this document has been audited in accordance with auditing standards generally accepted in the United States or the auditing standards of the Public Accounting Standards Oversight Board (United States).

Artilium is incorporated under the laws of England and Wales. All of its officers and directors of Artilium are residents of countries other than the United States. The assets of Artilium are located outside the United States. As a result, it may not be possible to effect service of process within the United States upon Artilium or any of its respective officers or directors, or to enforce outside the United States judgments obtained in US courts against Pareteum, Artilium or any of their respective officers or directors, including, without limitation, judgments based upon the civil liability provisions of the US federal securities laws or the laws of any state or territory within the United States. It may not be possible to sue Pareteum or Artilium or their respective officers or directors in a non-US court for violations of US securities laws. It may be difficult to compel Pareteum, Artilium and their respective affiliates to subject themselves to the jurisdiction and judgment of a US court.

## **20. Action to be taken**

### ***Please check you have received the following with this document***

- a BLUE Form of Proxy to be used in connection with the Court Meeting;
- a WHITE Form of Proxy to be used in connection with the General Meeting; and
- a pre-paid envelope.

### ***Please lodge your Forms of Proxy by the proxy deadline***

**Whether or not you intend to attend the Court Meeting and/or the General Meeting, please complete and sign both Forms of Proxy and return them so as to reach Neville Registrars at Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD using the pre-paid envelope provided for use only in the UK.** Instructions on how to complete the Forms of Proxy are set out on the forms. Completed Forms of Proxy should be returned so as to be received by 11.00 a.m. on 12 September 2018 in the case of the Court Meeting and 11.15 a.m. on 12 September 2018 in the case of the General Meeting.

If the BLUE Form of Proxy for the Court Meeting is not lodged by such time, it may be handed to a representative of Neville Registrars at the venue of the Court Meeting or the Chairman of the Court Meeting at the Court Meeting before the taking of the poll. However, in the case of the WHITE Form of Proxy for use at the General Meeting, it will be invalid unless it is received by Neville Registrars by no later than 11.15 a.m. on 12 September 2018. The completion and return of Forms of Proxy will not prevent you from attending the Court Meeting or the General Meeting and voting in person if you should wish and if you are entitled to do so.

If you hold your Artilium Shares in uncertificated form (that is, in CREST) you may vote using the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes for the Notice of the Court Meeting and Notice of the General Meeting set out at the end of this document).

Proxies submitted via CREST (under CREST ID 7RA11) must be received by Neville Registrars not later than 11.00 a.m. on 12 September 2018 in the case of the Court Meeting and 11.15 a.m. on 12 September 2018 in the case of the General Meeting (or, in the case of an adjourned meeting, not less than 48 hours prior to the time and date set for the adjourned meeting).

Notices convening the Court Meeting and the General Meeting are set out in Part 10 (*Notice of Court Meeting*) and Part 11 (*Notice of General Meeting*) of this document, respectively.

## **21. Further information**

The terms of the Scheme are set out in full in Part 4 (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the further information regarding Artilium and Pareteum set out in Part 6 (*Additional Information*) of this document. Documents published and available for inspection are listed in paragraph 17 of Part 6 (*Additional Information*) of this document.

Yours faithfully

**Henrik Persson**

*For and on behalf of finnCap Ltd*

## PART 3

### CONDITIONS TO AND FURTHER TERMS OF THE ACQUISITION

#### PART A: CONDITIONS OF THE SCHEME AND THE ACQUISITION

The Acquisition is conditional upon the Scheme becoming unconditional and effective by not later than 11.59 p.m. on the Long Stop Date:

1. The Scheme shall be subject to the following conditions:
  - (a) its approval by a majority in number of the Artilium Independent Shareholders who are on the register of members of Artilium at the Voting Record Time and who are present and vote, whether in person or by proxy, at the Court Meeting (and at any separate class meeting which may be required by the Court) and who represent 75 per cent. in value of the Artilium Shares voted by those Artilium Independent Shareholders on or before the 22nd day after the expected date of the Court Meeting set out in this document (or such later date, if any, as Pareteum and Artilium may agree and the Court may allow);
  - (b) the passing of the Resolutions (other than the Resolution to approve the Management Arrangement) by the requisite majority at the General Meeting to be held on or before the 22nd day after the expected date of the General Meeting set out in this document (or such later date, if any, as Pareteum and Artilium may agree and the Court may allow);
  - (c) the passing of the Resolution to approve the Management Arrangement by the requisite majority of the Artilium Independent Shareholders at the General Meeting to be held on or before the 22nd day after the expected date of the General Meeting set out in this document (or such later date, if any, as Pareteum and Artilium may agree and the Court may allow);
  - (d) the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Pareteum and Artilium) on or before the 22nd day after the expected date of the Court Hearing set out in this document (or such later date, if any, as Pareteum and Artilium may agree and the Court may allow); and
  - (e) delivery of an office copy of the Court Order to the Registrar of Companies.
2. In addition, subject as stated in Part B below and to the requirements of the Panel, the Acquisition shall be conditional upon the following Conditions and, accordingly, the Court Order shall not be delivered to the Registrar of Companies unless such Conditions (as amended, if appropriate) have been satisfied (and continue to be satisfied pending the commencement of the Court Hearing) or, where relevant, waived in writing prior to the Scheme being sanctioned by the Court:

#### ***New Pareteum Shares***

- (a) the approval of the Pareteum Stockholder Resolution by a majority of votes cast by Pareteum Stockholders at the Stockholder Meeting by no later than the Long Stop Date;
- (b) the approval of the listing of the New Pareteum Shares by the NYSE American by no later than the Long Stop Date;

#### ***Regulatory approvals and clearances***

- (c) no Third Party having decided, threatened or 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 reasonably be expected to (in any case to an extent

or in a manner which is material in the context of the Acquisition, the Wider Artilium Group or the Wider Pareteum Group, as the case may be, in each case, taken as a whole):

- (i) require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Pareteum Group or by any member of the Wider Artilium Group of all or any part of their respective businesses, assets, property or any shares or other securities (or the equivalent) in any member of the Wider Artilium Group or any member of the Wider Pareteum Group or impose any limitation on the ability of all or any of them to conduct their respective businesses (or any part thereof) or to own, control or manage any of their respective assets or properties (or any part thereof);
- (ii) except pursuant to Chapter 3 of Part 28 of the Companies Act, in the event that Pareteum elects to implement the Acquisition by way of a Takeover Offer, require any member of the Wider Pareteum Group or the Wider Artilium Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Artilium Group, the Wider Pareteum Group or any asset owned by any Third Party (other than in connection with the implementation of the Acquisition);
- (iii) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Pareteum Group, directly or indirectly, to acquire, hold or exercise effectively all or any rights of ownership in respect of shares or loans or securities convertible into shares or other securities (or the equivalent) in Artilium or on the ability of any member of the Wider Artilium Group or any member of the Wider Pareteum Group, directly or indirectly, to hold or exercise effectively all or any rights of ownership in respect of shares or loans or any other securities (or the equivalent) in, or to exercise voting or management control over, any other member of the Wider Artilium Group or the Wider Pareteum Group;
- (iv) except as Disclosed, result in any member of the Wider Artilium Group or any member of the Wider Pareteum Group ceasing to be able to carry on business under any names under which it currently carries on business;
- (v) make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Artilium by any member of the Wider Pareteum Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, prevent or prohibit, restrict, restrain or delay or otherwise interfere with the implementation of, or impose additional conditions or obligations with respect to, or otherwise challenge, impede, interfere or require material amendment to the terms of the Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Artilium by any member of the Wider Pareteum Group;
- (vi) impose any material limitation on, or result in material delay in, the ability of any member of the Wider Pareteum Group or any member of the Wider Artilium Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider Pareteum Group and/or the Wider Artilium Group;
- (vii) require any member of the Wider Artilium Group or the Wider Pareteum Group to relinquish, terminate or amend in any material way any material contract to which any member of the Wider Artilium Group or the Wider Pareteum Group is a party;
- (viii) result in any member of the Wider Artilium Group or any member of the Wider Pareteum Group ceasing to be able to carry on business under any name under which it currently does so in any jurisdiction;
- (ix) require any member of the Wider Pareteum Group or any member of the Wider Artilium Group or any of their respective affiliates to: (A) invest, contribute or loan any capital or assets to; or (B) guarantee or pledge capital assets for the benefit of

any member of the Wider Pareteum Group or any member of the Wider Artilium Group, which in each such case or together is material and adverse in the context of any member of the Wider Pareteum Group or any member of the Wider Artilium Group or in the context of the Acquisition;

- (x) otherwise materially adversely affect all or any of the business, assets, liabilities, profits, financial or trading position or prospects of any member of the Wider Artilium Group or any member of the Wider Pareteum Group,

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 the acquisition or proposed acquisition of any Artilium Shares or other securities in, or control or management of, Artilium or Pareteum or otherwise intervene having expired, lapsed or been terminated;

#### ***Other regulatory approvals***

- (d) each Governmental Entity, which regulates or licences any member of the Artilium Group, Pareteum Group or any other body corporate in which any member of the Artilium Group or Pareteum Group has an interest in shares, and whose prior approval, consent or non-objection to any change in control, or acquisition of (or increase in) control in respect of that or any other member of the Artilium Group or Pareteum Group is required, or any Governmental Entity, whose prior approval, consent or non-objection of the Acquisition is otherwise required, or from whom one or more material licences or permissions are required in order to complete the Acquisition, having given its approval, non-objection or legitimate deemed consent or consent in writing thereto and, as the case may be, having granted such licences and permissions (in each case where required and on terms reasonably satisfactory to Pareteum and Artilium), and in each case the impact of which would materially adversely affect the Wider Artilium Group or the Wider Pareteum Group, taken as a whole, if not obtained;

#### ***Notifications, waiting periods and authorisations***

- (e) all notifications, filings or applications which are necessary or considered appropriate or desirable by Pareteum and Artilium having been made in connection with the Acquisition and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with, in each case, in respect of the Scheme and the Acquisition and all Authorisations deemed reasonably necessary or appropriate by each of Pareteum and Artilium in any jurisdiction for or in respect of the Acquisition and, except pursuant to Chapter 3 of Part 28 of the Companies Act, the Acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Artilium or any other member of the Wider Artilium Group or Wider Pareteum Group by any member of the Wider Pareteum Group having been obtained in terms and in a form reasonably satisfactory to Pareteum and Artilium from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Artilium Group or the Wider Pareteum Group has entered into contractual arrangements and all such Authorisations necessary, appropriate or desirable to carry on the business of any member of the Wider Artilium Group or the Wider Pareteum Group in any jurisdiction having been obtained and all such Authorisations remaining in full force and effect at the time at which the Acquisition becomes otherwise wholly unconditional and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

#### ***Artilium Shareholder resolution***

- (f) except with the consent or the agreement of Pareteum, no resolution of Artilium Shareholders in relation to any acquisition or disposal of assets or shares (or the equivalent thereof) in any undertaking or undertakings (or in relation to any merger, demerger, consolidation, reconstruction, amalgamation or scheme) being passed at a



meeting of Artidium Shareholders other than in relation to the Acquisition or the Scheme and, other than with the consent or the agreement of Pareteum, no member of the Wider Artidium Group having taken (or agreed or proposed to take) any action that requires, or would require, the consent of the Panel or the approval of Artidium Shareholders in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;

***Certain matters arising as a result of any arrangement, agreement, etc.***

- (g) except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Artidium Group or the Wider Pareteum Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or subject, or any event or circumstance which, as a consequence of the Acquisition or the acquisition or the proposed acquisition by any member of the Wider Pareteum Group of any shares or other securities (or the equivalent) in Artidium or because of a change in the control or management of any member of the Wider Artidium Group or the Wider Pareteum Group or otherwise, would or might reasonably be expected to result in (in each case to an extent or in a manner which is material in the context of the Wider Artidium Group, the Wider Pareteum Group, as the case may be, in each case, taken as a whole):
- (i) any monies borrowed by, or any other indebtedness or liabilities, actual or contingent, of, or any grant available to, any such member 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 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 such member or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
  - (iii) any such arrangement, agreement, lease, licence, franchise, permit or other instrument or the rights, liabilities, obligations or interests of any such member in or with any other person (or any arrangement or arrangements relating to any such interests or business) being adversely modified or adversely affected or any obligation or liability arising or any adverse action being, or becoming capable of being terminated taken or arising thereunder;
  - (iv) any liability of any such member to make any severance, termination, bonus or other payment to any of its directors or other officers;
  - (v) the rights, liabilities, obligations, interests or business of any such member or any member of the Wider Artidium Group or the Wider Pareteum Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any such member or any member of the Wider Artidium Group or the Wider Pareteum Group in or with any other person or body or firm or company (or any arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
  - (vi) any such member ceasing to be able to carry on business under any name under which it presently carries on business;
  - (vii) the financial or trading position or prospects of, any such member being prejudiced or adversely affected;
  - (viii) the creation or acceleration of any liability (actual or contingent) by any such member other than trade creditors or other liabilities incurred in the ordinary course of business; or

- (ix) no event having occurred which, under any provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Artilium Group or the Wider Pareteum Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would or might result in any of the events or circumstances as are referred to in Conditions (g)(i) to (viii) above;

***Certain events occurring since 30 June 2017***

- (h) except as Disclosed, and except, where relevant between Artilium and/or wholly-owned subsidiaries of Artilium, no member of the Wider Artilium Group having since 30 June 2017:
  - (i) 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, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Artilium Shares out of treasury (except for the issue or transfer out of treasury of Artilium Shares on the exercise of employee share options or vesting of employee share awards in the ordinary course under the Artilium Management Options);
  - (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise);
  - (iii) other than pursuant to the Acquisition (and except for transactions in the ordinary course of business) implemented, effected, authorised or proposed or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings in any such case to an extent which is material in the context of the Wider Artilium Group or the Wider Pareteum Group taken as a whole or in the context of the Acquisition;
  - (iv) except for transactions in the ordinary course of business, disposed of, or transferred, mortgaged or created any security interest over any material asset or any right, title or interest in any material asset or authorised, proposed or announced any intention to do so;
  - (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 become subject to any contingent liability or incurred or increased any indebtedness which in any such case is material in the context of the Wider Artilium Group or the Wider Pareteum Group taken as a whole or in the context of the Acquisition;
  - (vi) entered into or varied or authorised, proposed or announced its intention to enter into or vary any material contract, arrangement, agreement, transaction 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 which involves or could involve an obligation of a nature or magnitude which in any such case is material in the context of the Wider Artilium Group or the Wider Pareteum Group taken as a whole or in the context of the Acquisition;
  - (vii) save for the Management Arrangement, entered into or varied 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, service agreement, commitment or arrangement with any director or senior executive of any member of the Wider Artilium Group or the Wider Pareteum Group, otherwise than in the ordinary course of business;

- (viii) save for the Management Arrangement, 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 Artium Group or the Wider Pareteum Group, otherwise than in the ordinary course of business;
- (ix) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or made any other change to any part of its share capital (except for the issue or transfer out of treasury of Artium Shares on the exercise of employee share options or vesting of employee share awards under the Artium Management Options as Disclosed);
- (x) waived, compromised or settled any claim which is material in the context of the Wider Artium Group or the Wider Pareteum Group as a whole or in the context of the Acquisition;
- (xi) terminated or varied the terms of any agreement or arrangement between any member of the Wider Artium Group and any other person in a manner which would or might have a material adverse effect on the financial position of the Wider Artium Group or the Wider Pareteum Group taken as a whole or in the context of the Acquisition;
- (xii) save as required in connection with the Acquisition, made any material alteration to its memorandum, articles of association or other incorporation documents or any material alteration to the memorandum, articles of association or other incorporation documents of any other member of the Wider Artium Group or the Wider Pareteum Group;
- (xiii) made or agreed or consented to any significant change to:
  - (A) the terms of the trust deeds and rules constituting the pension scheme(s) established by any member of the Wider Artium Group or the Wider Pareteum Group for its directors, employees or their dependants;
  - (B) the contributions payable to any such scheme(s) or to the benefits which accrue, or to the pensions which are payable, thereunder;
  - (C) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued, made, agreed or consented to,
 to an extent which is in any such case material in the context of the Wider Artium Group or the Wider Pareteum Group taken as a whole or in the context of the Acquisition;
- (xiv) except as Disclosed, been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, 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 Artium Group or the Wider Pareteum Group taken as a whole or in the context of the Acquisition;
- (xv) (other than in respect of a member of the Wider Artium Group or the Wider Pareteum 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 a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or any

analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;

- (xvi) made, authorised, proposed or announced an intention to propose any change in its loan capital;
- (xvii) entered into, implemented or authorised the entry into, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities, which in any such case is material in the context of the Wider Artium Group or the Wider Pareteum Group as a whole or in the context of the Acquisition; or
- (xviii) entered into any agreement, arrangement, commitment or contract 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 (h);

***No adverse change, litigation, regulatory enquiry or similar***

- (i) except as Disclosed, since, in the case of the Wider Artium Group, 30 June 2017, or, in the case of the Wider Pareteum Group, 31 December 2017, there having been:
  - (i) no adverse change and no circumstance having arisen which would reasonably be expected to result in any adverse change in, the business, assets, liabilities, shareholders' equity, financial or trading position or profits, operational performance or prospects of any member of the Wider Artium Group or the Wider Pareteum Group which is material in the context of the Wider Artium Group or the Wider Pareteum 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 Artium Group is or may become a party (whether as a claimant, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of, any member of the Wider Artium Group or the Wider Pareteum Group, in each case which would reasonably be expected to have a material adverse effect on the Wider Artium Group or the Wider Pareteum Group taken as a whole or in the context of the Acquisition;
  - (iii) no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Artium Group or the Wider Pareteum Group (or any person in respect of which any such member has or may have responsibility or liability) having been threatened, announced, implemented or instituted or remaining outstanding by, against or in respect of any member of the Wider Artium Group or the Wider Pareteum Group, in each case, which would reasonably be expected to have a material adverse effect on the Wider Artium Group or the Wider Pareteum Group taken as a whole or in the context of the Acquisition;
  - (iv) no contingent or other liability having arisen or become apparent to Pareteum or Artium or increased other than in the ordinary course of business which is reasonably likely to affect adversely the business, assets, financial or trading position or profits of any member of the Wider Artium Group or the Wider Pareteum Group to an extent which is material in the context of the Wider Artium Group or the Wider Pareteum Group taken as a whole or in the context of the Acquisition; and
  - (v) 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 Artium Group or the Wider Pareteum 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 Artium Group or the Wider Pareteum Group taken as a whole or in the context of the Acquisition;

***No discovery of certain matters regarding information and liabilities, corruption and intellectual property***

- (j) except as Disclosed, Pareteum or Artilium (as applicable) not having discovered that:
- (i) any financial, business or other information concerning the Wider Artilium Group or the Wider Pareteum Group announced publicly and delivered by or on behalf of Artilium or Pareteum through a Regulatory Information Service or other public announcement prior to the date of the Rule 2.7 Announcement or publicly disclosed to any member of the Wider Pareteum Group or the Wider Artilium Group by or on behalf of any member of the Wider Artilium Group or the Wider Pareteum Group prior to the date of the Rule 2.7 Announcement is misleading, contains a misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading, in any such case which is material in the context of the Wider Artilium Group or the Wider Pareteum Group taken as a whole or in the context of the Acquisition;
  - (ii) any member of the Wider Artilium Group or the Wider Pareteum Group or any partnership, company or other entity in which any member of the Wider Artilium Group or the Wider Pareteum Group has a significant economic interest and which is not a subsidiary undertaking of Artilium or Pareteum, otherwise than in the ordinary course of business, is subject to any liability, contingent or otherwise, and which is material in the context of the Wider Artilium Group or the Wider Pareteum Group taken as a whole or in the context of the Acquisition;
  - (iii) any past or present member, director, officer or employee of the Wider Artilium Group or the Wider Pareteum Group, or any other person for whom any such person may be liable or responsible, has not complied with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and any laws implementing the same, the UK Bribery Act 2010 and/or the US Foreign Corrupt Practices Act of 1977;
  - (iv) any past or present member, director, officer or employee of the Wider Artilium Group or the Wider Pareteum Group, or any other person for whom any such person may be liable or responsible, has engaged in any business with or made any investment in, or made any payments to: (A) any government, entity or individual with which US or EU persons are prohibited from engaging in activities or doing business by US or EU laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or (B) any government, entity or individual targeted by any of the economic sanctions of the United Nations or the European Union or any of their respective member states;
  - (v) any asset of any member of the Wider Artilium Group or the Wider Pareteum Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); or
  - (vi) since, in the case of the Wider Artilium Group, 30 June 2017, or, in the case of the Wider Pareteum Group, 31 December 2017, no circumstance having arisen or event having occurred in relation to any intellectual property owned, used or licensed by the Wider Artilium Group or the Wider Pareteum Group or to any third parties, including: (A) any member of the Wider Artilium Group or the Wider Pareteum Group losing its title to any intellectual property or any intellectual property owned by the Wider Artilium Group or the Wider Pareteum Group being revoked, cancelled or declared invalid; (B) any agreement regarding the use of any intellectual property licensed to or by any member of the Wider Artilium Group or the Wider Pareteum Group being terminated or varied or (C) any claim being filed suggesting that any member of the Wider Artilium Group or the Wider Pareteum Group infringed the intellectual property rights of a third party or any member of the Wider Artilium Group or the Wider Pareteum Group being found to have infringed the intellectual property rights of a third party, in each case which is material in the context of the Wider Artilium Group or the Wider Pareteum Group taken as a whole or in the context of the Acquisition.



## **PART B: CERTAIN FURTHER TERMS OF THE ACQUISITION**

1. The Artiliium Shares acquired under the Acquisition will be acquired 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 attaching or accruing to them, including voting rights.
2. The Scheme will not become Effective unless the Conditions have been fulfilled or (if capable of waiver) waived or, where appropriate determined by Pareteum and/or Artiliium to be or remain satisfied by 11.59 p.m. on the Long Stop Date.
3. Subject to the requirements of the Panel, Pareteum reserves the right in its sole discretion to waive (if capable of waiver) in whole or part:
  - (a) any of the Conditions set out in the above Condition 1 of Part A relating to the timing of the Court Meeting, the General Meeting and the sanctioning of the Scheme. If any of the deadlines for those events are not met, Pareteum shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with Artiliium to extend the deadline in relation to the relevant Condition;
  - (b) Condition 1(c) of Part A relating to the approval of the Artiliium Independent Shareholders of the Management Arrangement; and
  - (c) all or any of the above Conditions 2(a) (*New Pareteum Shares*) to (j) (*No discovery of certain matters regarding information and liabilities, corruption and intellectual property*) of Part A (inclusive), so far as they relate to Artiliium, the Wider Artiliium Group or any part thereof.
4. Subject to the requirements of the Panel, Artiliium reserves the right in its sole discretion to waive (if capable of waiver) in whole or part all or any of the above Conditions 2(c) (*Regulatory approvals and clearances*) to (j) (*No discovery of certain matters regarding information and liabilities, corruption and intellectual property*) of Part A (inclusive), so far as they relate to Pareteum, the Wider Pareteum Group or any part thereof.
5. Conditions 2(a) (*New Pareteum Shares*) to (j) (*No discovery of certain matters regarding information and liabilities, corruption and intellectual property*) of Part A (inclusive) must be fulfilled or waived by no later than 11.59 p.m. on the date immediately preceding the date of the Court Hearing, failing which the Scheme will lapse or, if the Acquisition is implemented by way of a Takeover Offer, no later than as permitted by the Panel. Each of Pareteum and Artiliium shall be under no obligation to waive or treat as fulfilled any of the Conditions which are capable of being waived by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that any such Condition or other Conditions of the Scheme and the Acquisition 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.
6. Under Rules 13.5 and 13.6 of the Takeover Code, Pareteum and Artiliium (as applicable) may not invoke a Condition so as to cause the Scheme not to proceed, or to lapse, or so as to cause any Takeover Offer to lapse or be withdrawn, unless the circumstances which give rise to the right to invoke the Condition are of material significance to Pareteum Stockholders or Artiliium Shareholders (as applicable) in the context of the Acquisition. Condition 1 of Part A (and, if applicable, any acceptance condition adopted on the basis specified in paragraph 8 below in relation to any Takeover Offer) are not subject to this provision of the Takeover Code.
7. If Pareteum is required by the Panel to make an offer for Artiliium Shares under the provisions of Rule 9 of the Takeover Code, Pareteum and Artiliium may make such alterations to the Conditions and certain further terms of the Acquisition as are necessary to comply with the provisions of that Rule.
8. Pareteum reserves the right to elect (with the consent of the Panel) to implement the Acquisition by making, directly or indirectly through a subsidiary or nominee of Pareteum, a Takeover Offer as an alternative to the Scheme. In such event, the Takeover Offer will be implemented on the

same terms or, if Pareteum so decides, on such other terms being no less favourable, subject to appropriate amendments, as far as applicable, as those which would apply to the Scheme. The acceptance condition would be set at 90 per cent. of the shares to which such Takeover Offer relates (or such lesser percentage as Pareteum may decide with the consent of the Panel provided that it if became or was declared unconditional in all respects, the Takeover Offer would result in Pareteum holding Artilium Shares carrying greater than 50 per cent. of the voting rights in Artilium). Further, if sufficient acceptances of the Takeover Offer are received and/or sufficient Artilium Shares are otherwise acquired, it is the intention of Pareteum to apply the provisions of the Companies Act to compulsorily acquire any outstanding Artilium Shares to which such Takeover Offer relates.

9. The Acquisition will lapse (unless otherwise agreed with the Panel) if:
- (a) in so far as the Acquisition or any matter arising from or relating to the Scheme or Acquisition constitutes a concentration with a community dimension within the scope of the Merger Regulation, the European Commission either initiates proceedings under Article 6(1)(c) of the Merger Regulation or makes a referral to a competent authority of the United Kingdom under Article 9(1) of the Merger Regulation and there is then a CMA Phase 2 Reference; or
  - (b) in so far as the Acquisition or any matter arising from the Scheme or Acquisition does not constitute a concentration with a community dimension within the scope of the Merger Regulation, the Scheme or Acquisition or any matter arising from or relating to the Acquisition becomes subject to a CMA Phase 2 Reference,

in each case, before the date of the Court Meeting.

10. The Artilium Shares shall be acquired by Pareteum, with full legal title and beneficial ownership, fully paid and free from all liens, equitable interests, charges, Encumbrances, rights of pre-emption and any other third party rights and interests whatsoever and together with all rights existing at the date of the Rule 2.7 Announcement or thereafter attaching thereto, 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 capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of the Rule 2.7 Announcement in respect of the Artilium Shares.
11. If any dividend or other distribution in respect of the Artilium Shares is declared, paid or made on or after the date of the Rule 2.7 Announcement, Pareteum reserves the right to reduce the consideration payable for each Artilium Share under the terms of the Acquisition by the amount per Artilium Share of such dividend or distribution. To the extent that such a dividend or distribution has been declared but not paid prior to the Effective Date, and such dividend or distribution is cancelled, then the Offer Consideration shall not be subject to change in accordance with this paragraph. Any exercise of rights referred to in this paragraph 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 terms of the Acquisition.
12. Fractions of pence will not be paid to Scheme Shareholders and cash entitlements will be rounded down to the nearest penny. Fractions of New Pareteum Shares or Pareteum CDIs will not be issued to Artilium Shareholders. Instead, Artilium Shareholders who otherwise would have received a fraction of a New Pareteum Share or Pareteum CDI will receive an additional amount in cash, rounded down to the nearest cent, based on the amount obtained by multiplying such fraction by the average of the high and low sales prices of Pareteum Shares on the NYSE American on each of the five consecutive trading days ending on the trading day that is two trading days prior to the Effective Date (which amount will be paid in pounds sterling at the exchange rate prevailing at the close of business on the Effective Date).
13. The New Pareteum Shares to be issued pursuant to the Acquisition have not been and will not be registered under any of the relevant securities laws of Canada, Japan or Australia and no relevant clearance in respect of the New Pareteum Shares has been, or will be, applied for in any jurisdiction other than the US. The New Pareteum Shares are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly in or into Australia, Canada or Japan or any other jurisdiction if to do so would constitute a violation of relevant laws of, or require

registration thereof in, such jurisdiction (except pursuant to an exemption, if available, from any applicable registration requirements or otherwise in compliance with all applicable laws).

14. The New Pareteum Shares will be issued credited as fully paid and will rank pari passu in all respects with Pareteum Shares in issue at the time that the New Pareteum Shares are issued pursuant to the Acquisition, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling on or after the Effective Date. Application will be made to the NYSE American for the New Pareteum Shares to be listed on the NYSE American on completion of the Acquisition.
15. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of relevant jurisdictions. Therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom and any Artidium Shareholders who are not resident in the United Kingdom will need to inform themselves about and observe any applicable requirements.
16. Unless otherwise determined by Pareteum or required by the Takeover Code and permitted by applicable law and regulations, the Acquisition is not being, and will not be, made, directly or indirectly, in, into or by the use of the mails of, or by any other means or instrumentality (including, without limitation, facsimile, email 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.
17. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
18. This document and any rights or liabilities arising hereunder, the Acquisition, the Scheme and the Forms of Proxy will be governed by the laws of England and Wales and will be subject to the jurisdiction of the courts of England. The Acquisition shall be subject to the applicable requirements of the Takeover Code, the Panel, the AIM Rules, the London Stock Exchange, the NYSE American, the SEC and the FCA.

## PART 4

### THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF  
ENGLAND AND WALES  
COMPANIES COURT (ChD)

No. CR-2018-006367

#### IN THE MATTER OF ARTILIUM PLC

and

#### IN THE MATTER OF THE COMPANIES ACT 2006

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#### SCHEME OF ARRANGEMENT

*(under Part 26 of the Companies Act 2006)*

between

**Artilium plc**

and

**the Scheme Shareholders**

*(as hereinafter defined)*

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#### PRELIMINARY

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- (a) In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

<b>“Acquisition”</b>	the proposed acquisition by Pareteum of the issued and to be issued share capital of Artilium that is not owned by Pareteum pursuant to this Scheme;
<b>“Artilium”</b>	Artilium plc, a company incorporated in England and Wales (registered number 3904535), whose registered office is at 9-13 St Andrew Street, London EC4A 3AF;
<b>“Artilium Shareholders”</b>	holders of Artilium Shares, excluding Pareteum;
<b>“Artilium Shares”</b>	the ordinary shares of 5 pence each in Artilium;
<b>“Business Day”</b>	a day (not being a Saturday or a Sunday) on which clearing banks are generally open in London for the transaction of normal banking business;
<b>“CDI”</b>	a CREST depository interest representing an entitlement to a share;
<b>“certificated” or “in certificated form”</b>	a share or other security which is not in uncertificated form (that is, not in CREST);
<b>“Companies Act”</b>	the Companies Act 2006, as amended;
<b>“Court”</b>	the High Court of Justice in England and Wales;
<b>“Court Meeting”</b>	the meeting of Scheme Shareholders to be convened at the direction of the Court pursuant to Part 26 of the

	Companies Act to consider and, if thought fit, approve this Scheme (with or without amendment), including any adjournment thereof;
<b>“Court Order”</b>	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act;
<b>“Court Sanction Date”</b>	the date on which the Court Order is made;
<b>“CREST”</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) in respect of which Euroclear is the Operator (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755));
<b>“DTC”</b>	Depository Trust Company;
<b>“Effective Date”</b>	the date on which this Scheme becomes effective in accordance with its terms;
<b>“Encumbrances”</b>	liens, charges, equitable interests, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited);
<b>“Excluded Shares”</b>	(a) any Artilium Shares which are registered in the name of or beneficially owned by Pareteum or its nominee(s) or any subsidiary undertaking of Pareteum or its nominee(s); and  (b) any Artilium Shares held in treasury (unless such Artilium Shares cease to be so held);
<b>“holder”</b>	includes a person entitled by transmission;
<b>“Last Practicable Date”</b>	16 August 2018 (being the last practicable date prior to the publication of this Scheme);
<b>“Long Stop Date”</b>	31 January 2019 or such later date as Pareteum and Artilium may, with the consent of the Panel and, if required, the Court, agree;
<b>“New Pareteum Shares”</b>	new Pareteum Shares proposed to be allotted and issued to Scheme Shareholders in accordance with clause 2 of this Scheme;
<b>“NYSE American”</b>	NYSE American LLC, an exchange owned by the Intercontinental Exchange, Inc;
<b>“Offer Consideration”</b>	the consideration to be delivered by Pareteum for each Scheme Share held by Scheme Shareholders at the Scheme Record Time, being, in respect of each Scheme Share so held (i) 0.1016 New Pareteum Shares and (ii) 1.9 pence in cash per Artilium Share;
<b>“Overseas Holders”</b>	Artilium Shareholders (or nominees of, or custodians or trustees for, Artilium Shareholders) not resident in, or nationals or citizens of the United Kingdom;
<b>“Panel”</b>	the Panel on Takeovers and Mergers;



<b>“Pareteum”</b>	Pareteum Corporation, a corporation incorporated in the State of Delaware, USA;
<b>“Pareteum Board”</b>	the Pareteum Directors collectively
<b>“Pareteum CDI”</b>	a CREST depository interest representing an entitlement to a New Pareteum Share;
<b>“Pareteum Directors”</b>	at the relevant time, the members of the supervisory Pareteum Board at that time;
<b>“Pareteum Shares”</b>	the common stock of \$0.00001 par value each in the capital of Pareteum;
<b>“Pareteum Transfer Agent”</b>	Continental Stock Transfer & Trust Company, One State Street Plaza, 30th Floor, New York, NY 10004-1561, United States of America;
<b>“Receiving Agent”</b>	Neville Registrars Limited;
<b>“Registrar of Companies”</b>	the Registrar of Companies in England and Wales;
<b>“Restricted Overseas Holders”</b>	in respect of any New Pareteum Shares or Pareteum CDIs, an Overseas Holder who has not, by or prior to the Scheme Record Time been able to satisfy Artiliium and Pareteum in their absolute discretion, that the receipt of New Pareteum Shares or Pareteum CDIs pursuant to the Acquisition is exempt from or not subject to the registration or other legal or regulatory requirements or restrictions of the relevant jurisdiction such Scheme Shareholder to be treated as a Restricted Overseas Holder pursuant to clause 4;
<b>“Rule 2.7 Announcement”</b>	the announcement in respect of the Acquisition made in accordance with Rule 2.7 of the Takeover Code on 7 June 2018;
<b>“Scheme”</b>	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Artiliium and Pareteum;
<b>“Scheme Document”</b>	the circular dated 20 August 2018 sent by Artiliium to Artiliium Shareholders and persons with information rights of which this Scheme forms a part;
<b>“Scheme Record Time”</b>	6.00 p.m. on the Court Sanction Date;
<b>“Scheme Shareholders”</b>	holders of Scheme Shares;
<b>“Scheme Shares”</b>	<ul style="list-style-type: none"> <li>(a) the Artiliium Shares in issue at the date of the Scheme Document;</li> <li>(b) any Artiliium Shares issued after the date of the Scheme Document and on or before the Voting Record Time in respect of the Court Meeting; and</li> <li>(c) any Artiliium Shares issued after the Voting Record Time in respect of the Court Meeting and on or before the Scheme Record Time on the terms that the holder or any subsequent holder thereof shall be bound by the Scheme or in respect of which the original or any subsequent holders thereof shall have agreed in writing to be, bound by the Scheme,</li> </ul>

	but excluding in each case any Excluded Shares;
<b>“subsidiary undertaking”</b>	shall be construed in accordance with the Companies Act;
<b>“Takeover Code”</b>	the Takeover Code issued by the Panel, as amended from time to time;
<b>“uncertificated” or “in uncertificated form”</b>	in relation to a share or other security, a share or other security which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), may be transferred by means of CREST;
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia; and
<b>“Voting Record Time”</b>	10.00 p.m. on 12 September 2018 or, if the Court Meeting is adjourned, 10.00 p.m. on the second calendar day before the date of such adjourned meeting,

and where the context so admits or requires, the plural includes the singular and vice versa.

References to clauses are to clauses of this Scheme.

Any phrase introduced by the terms ‘including’, ‘include’, ‘in particular’ or any similar expression is to be construed as illustrative only and does not limit the sense of the words preceding those terms.

- (b) The issued share capital of Artilium at the Last Practicable Date was £17,757,746.10 divided into 355,154,922 Artilium Shares.
- (c) Pareteum has agreed to undertake to the Court to be bound thereby and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.
- (d) Bart Weijermars is the beneficial owner of 1,560,000 Artilium Shares (which shares are legally held by Securities Services Nominees Limited), and is the beneficial owner of Grootzande Beheer BV, which entity is the beneficial owner of 863,633 Artilium Shares (which shares are also legally held by Securities Services Nominees Limited). Bart Weijermars will procure that Securities Services Nominees Limited does not vote these Artilium Shares at the Court Meeting to approve the Scheme, but will instead procure the consent of Securities Services Nominees Limited to be bound by the Scheme.

## THE SCHEME

### 1. Transfer of the Scheme Shares

- 1.1 On the Effective Date, Pareteum shall acquire all of the Scheme Shares fully paid up, with full title guarantee, free from all Encumbrances and together with all rights attaching to them, including voting rights and the entitlement to receive and retain all dividends and other distributions declared, paid or made by Artilium on or after 7 June 2018.
- 1.2 For the purposes of such acquisition, the Scheme Shares shall be transferred from the Scheme Shareholders to Pareteum by means of a form of transfer or other instrument or instruction of transfer and to give effect to such transfers any person may be appointed by Pareteum as attorney and/or agent and/or otherwise and is hereby authorised as such attorney and/or agent and/or otherwise on behalf of the relevant Scheme Shareholder to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer of, or to procure the transfer by means of CREST or otherwise give any instructions to transfer (by deed or otherwise), the Scheme Shares and every form of transfer, other instrument or instruction of transfer executed or so given shall be effective as if it had been executed by the holder or holders of the Scheme Shares thereby transferred.
- 1.3 Pending the registration of Pareteum as the holder of any Scheme Shares pursuant to clause 1.2, each Scheme Shareholder irrevocably appoints Pareteum as his attorney and/or agent and/or otherwise to exercise (in place of and to the exclusion of the relevant Scheme Shareholder) any voting rights attached to the Scheme Shares and any or all rights and privileges attaching to the Scheme Shares, to sign any consent to short notice of a general or separate class meeting and on their behalf to execute a form of proxy in respect of such shares appointing any person nominated by Pareteum to attend general and separate class meetings of Artilium and authorises Artilium to send to Pareteum any notice, circular, warrant or other document or communication which may be required to be sent to them as a member of Artilium, such that from the Effective Date, no Scheme Shareholder shall be entitled to exercise any voting rights attached to the Scheme Shares or any other rights or privileges attaching to the Scheme Shares.

### 2. Consideration for transfer of the Scheme Shares

- 2.1 Subject to and in consideration for the transfer of the Scheme Shares to Pareteum as provided in clause 1, Pareteum shall (subject to clause 4) deliver the Offer Consideration to the Scheme Shareholders (as appearing in the register of members at the Scheme Record Time) in accordance with clause 3.
- 2.2 Subject to clause 2.3, if, on or after 7 June 2018 (being the date of the Rule 2.7 Announcement) any dividend or other distribution or return of capital is announced, declared, made or paid by Artilium in respect of the Scheme Shares or becomes payable in respect of any Scheme Shares by reference to a record date falling on or after 7 June 2018, Pareteum reserves the right to reduce the Offer Consideration by the amount of all or part of any such dividend or other distribution. The cash element of the Offer Consideration will be reduced first.

In such circumstances any reference in this Scheme to the Offer Consideration to be delivered by Pareteum under the terms of the Scheme will be deemed to be a reference to the Offer Consideration as so reduced and Scheme Shareholders will be entitled to receive and retain the amount by reference to which the Offer Consideration has been reduced. Any exercise by Pareteum of its rights pursuant to this clause 2.2 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 terms of this Scheme.

- 2.3 To the extent that any dividend and/or distribution and/or share repurchase and/or return of capital is declared, made or paid or is payable and it is: (a) transferred pursuant to this Scheme on a basis which entitles Pareteum to receive and retain it; or (b) cancelled in full prior to payment, the Offer Consideration to be delivered by Pareteum under this Scheme will not be subject to reduction in accordance with clause 2.2.

### **3. Settlement of consideration**

- 3.1 The New Pareteum Shares will be issued credited as fully paid and will rank pari passu in all respects with Pareteum Shares in issue at the time that the New Pareteum Shares are issued pursuant to the Acquisition, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling on or after the Effective Date. Application will be made to the NYSE American for the New Pareteum Shares to be listed on the NYSE American on completion of the Acquisition.
- 3.2 Fractions of pence will not be paid to Scheme Shareholders and cash entitlements will be rounded down to the nearest penny. Fractions of New Pareteum Shares or Pareteum CDIs will not be issued to Artilium Shareholders. Instead, Artilium Shareholders who otherwise would have received a fraction of a New Pareteum Share or Pareteum CDI will receive an additional amount in cash, rounded down to the nearest cent, based on the amount obtained by multiplying such fraction by the average of the high and low sales prices of Pareteum Shares on the NYSE American on each of the five consecutive trading days ending on the trading day that is two trading days prior to the Effective Date (which amount will be paid in pounds sterling at the exchange rate prevailing at the close of business on the Effective Date).
- 3.3 Settlement shall be effected as follows:
- (a) where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form:
    - (i) settlement of any cash consideration to which the Scheme Shareholder is entitled shall be paid by means of CREST by Pareteum procuring that Euroclear is instructed to create an assured payment obligation in favour of the Scheme Shareholder's payment bank in respect of the cash consideration due to them as soon as practicable after the Effective Date and in any event within 14 days of the Effective Date, in accordance with the CREST assured payment arrangements; and
    - (ii) the New Pareteum Shares shall be issued to Cede & Co., which will be the registered holder of such New Pareteum Shares. Pareteum shall procure that Cede & Co. will hold the New Pareteum Shares via an account with DTC. Pareteum shall procure that the interest in such shares shall be credited by its transfer agent through DTC to the securities deposit account of CREST Depository Limited's nominee, CREST International Nominees Limited. Following the Effective Date, CREST Depository Limited shall issue Pareteum CDIs, in CREST, to the CREST Receiving Agent and Pareteum shall procure that the CREST Receiving Agent shall thereupon deliver, through CREST to the stock account in CREST in which each such uncertificated Scheme Shareholder held the relevant Scheme Shares, such uncertificated Scheme Shareholder's entitlement to Pareteum CDIs;
  - (b) where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form:
    - (i) settlement of any cash consideration to which the Scheme Shareholder is entitled shall be settled by Pareteum procuring that instructions are made to despatch a cheque drawn on a branch of a clearing bank in the United Kingdom. Cheques shall be despatched by the Receiving Agent as soon as practicable after the Effective Date and in any event within 14 days of the Effective Date; and
    - (ii) share certificates in respect of the New Pareteum Shares to which such Scheme Shareholders is entitled shall be delivered to the relevant Scheme Shareholder (or as such Scheme Shareholder may direct).
  - (c) Pareteum reserves the right to pay any cash consideration or issue New Pareteum Shares or Pareteum CDIs to which any Scheme Shareholder is entitled under the Scheme to all or any Scheme Shareholders who hold Scheme Shares in uncertificated form at the Scheme Record Time in the manner referred to in clause 3.3(b) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with clause 3.3(a).

- 3.4 All deliveries of share certificates, notices, statements of entitlement and/or cheques required to be made pursuant to this Scheme shall be effected by posting the same by first class post in pre-paid envelopes or, in the case of Overseas Holders, international standard post (or by such other method as may be approved by the Panel) addressed to the persons entitled thereto at their respective addresses as appearing in the register of members of Artilium at the Scheme Record Time (or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in the register in respect of such joint holding at such time), and none of Artilium, Pareteum or their respective agents or the Receiving Agent or the Pareteum Transfer Agent shall be responsible for any loss or delay in the transmission of any notice, statement of entitlement, cheque or payment sent in accordance with this clause 3.4 which shall be sent at the risk of the person entitled thereto.
- 3.5 All cheques shall be in pounds sterling drawn on a UK clearing bank and payments shall be made to the persons entitled thereto or, in the case of joint holders, to that one of the joint holders whose name stands first in the register of members of Artilium in respect of such joint holding at the Scheme Record Time or to such other persons (if any) as such persons may direct in writing and the encashment of any such cheque or the making of any such CREST assured payment obligation as is referred to in clause 3.3(a) shall be a complete discharge of Pareteum's obligation to pay the monies represented thereby.

#### **4. Overseas Holders**

- 4.1 The provisions of clauses 2 and 3 shall be subject to any prohibition or condition imposed by law.
- 4.2 Without prejudice to the generality of the foregoing, if Artilium or Pareteum reasonably believes or is advised that an Artilium Shareholder is a Restricted Overseas Holder, Pareteum may at its discretion determine that either:
- (a) such Artilium Shareholder shall not have allotted or issued to him New Pareteum Shares or Pareteum CDIs and that the New Pareteum Shares or Pareteum CDIs which would otherwise have been attributable to such Artilium Shareholder under the terms of the Acquisition shall be sold in the market and the cash proceeds of such sale forwarded to such Artilium Shareholder; by sending a cheque or creating an assured payment obligation in accordance with the provisions of clause 3; or
  - (b) the New Pareteum Shares or Pareteum CDIs shall be issued to such Artilium Shareholder but shall be sold in the market on his behalf and the cash proceeds of such sale forwarded to the relevant Artilium Shareholder by sending a cheque or creating an assured payment obligation in accordance with the provisions of clause 3,
- (in each case after deduction of broking fees and other sale costs and expenses).
- 4.3 Any such sale under clause 4.2 shall be carried out at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commission, together with any value added tax thereon, incurred in connection with such sale, including any tax or foreign exchange conversion fees payable on the proceeds of sale) shall be paid to such Scheme Shareholder by sending a cheque or creating an assured payment obligation in accordance with the provisions of clause 3.
- 4.4 To give effect to any sale under clause 4.2, the person appointed by Pareteum in accordance with clause 4.2(a) shall be authorised as attorney on behalf of the Scheme Shareholder concerned, and the person appointed by Pareteum in accordance with clause 4.2(b) shall be authorised, to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer and to give such instructions and to do all things which he or she may consider necessary or expedient in connection with such sale. In the absence of bad faith or wilful default, none of Artilium, Pareteum or the persons so appointed shall have any liability for any determination made pursuant to clause 4.2 or for any loss or damage arising as a result of the timing or terms of any sale pursuant to clause 4.2.



## **5. Certificates and Cancellations**

5.1 With effect from and including the Effective Date:

- (a) Scheme Shareholders shall in accordance with this Scheme cease to have any rights with respect to the Scheme Shares, except the right to receive the consideration determined as set out in clauses 2, 3 and 4;
- (b) all certificates representing Scheme Shares shall cease to be valid as documents of title to the shares represented thereby and every holder thereof shall be bound at the request of Artilium to deliver up the same to Artilium or as it may direct to destroy the same; and
- (c) Euroclear shall be instructed to cancel the entitlement of Scheme Shareholders to Scheme Shares in uncertificated form.

5.2 On or as soon as is reasonably practicable after the Effective Date and subject to the completion of such transfer forms, instruments or instructions as may be required in accordance with clause 1.2 and the payment of any stamp duty thereon, Artilium shall make, or procure that the relevant person makes, appropriate entries in Artilium's register of members to reflect the transfer of Scheme Shares to Pareteum. Any such transfer form, instrument or instruction which is in writing and which constitutes an instrument of transfer shall be deemed to be the principal instrument.

## **6. The Effective Date**

6.1 This Scheme shall become effective as soon as the office copy of the Court Order shall have been delivered to the Registrar of Companies for registration.

6.2 Unless this Scheme shall become effective before midnight on the Long Stop Date (or such later date as Pareteum and Artilium may, with the consent of the Panel and, if required, the Court, agree), this Scheme shall never become effective.

## **7. Mandates**

All mandates relating to the payment of dividends on any Scheme Shares and other instructions given to Artilium by Scheme Shareholders in force at the Scheme Record Time relating to holdings of Artilium Shares will, unless amended or revoked, be deemed as from the Effective Date to be an effective mandate or instruction to Pareteum in respect of the corresponding New Pareteum Shares to be issued pursuant to this Scheme.

## **8. Modification**

Artilium and Pareteum may jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose.

## **9. Governing Law**

This Scheme is governed by the laws of England and Wales and is subject to the exclusive jurisdiction of the English Courts. The rules of the Takeover Code apply to this Scheme.

20 August 2018

## PART 5

### FINANCIAL INFORMATION

#### 1. Financial Information relating to Artilium

The following sets out financial information in respect of Artilium as required by Rule 24.3 of the Takeover Code. The documents (or parts thereof) referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated by reference into this document pursuant to Rule 24.15 of the Takeover Code.

<i>Financial Information</i>	<i>Reference</i>
Audited consolidated accounts for the last two financial years	<p><a href="http://www.artilium.com/investors/financial-performance">www.artilium.com/investors/financial-performance</a></p> <p>The audited consolidated accounts of Artilium for the financial year ended 30 June 2017 are set out on pages 20 to 72 (both inclusive) in Artilium's annual report for the financial year ended on 30 June 2017 (available from Artilium's website at the link referred to above)</p> <p><a href="http://www.artilium.com/investors/financial-performance">www.artilium.com/investors/financial-performance</a></p> <p>The audited consolidated accounts of Artilium for the financial year ended 30 June 2016 are set out on pages 16 to 17 (both inclusive) in Artilium's annual report for the financial year ended on 30 June 2016 (available from Artilium's website at the link referred to above)</p>
Interim accounts	<p><a href="http://www.artilium.com/investors/financial-performance">www.artilium.com/investors/financial-performance</a></p> <p>The unaudited consolidated interim results of Artilium dated 27 March 2018 for the half year ended 31 December 2017 (available from Artilium's website at the link referred to above)</p>

These documents are available free of charge on Artilium's website as set out above. A person who has received this document may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by contacting Neville Registrars at Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD or by telephone on 0121 585 1131 from within the UK or on +44 121 585 1131 if calling from outside the UK. Calls outside the UK will be charged at the applicable international rate. The helpline is open from 9.00 a.m. to 5.00 p.m. Monday to Friday (excluding bank holidays). Different charges may apply to calls made from mobile telephones. Please note that Neville Registrars cannot provide any financial, legal or tax advice and calls may be recorded and randomly monitored for security and training purposes.

## 2. Financial Information relating to Pareteum

The following sets out financial information in respect of Pareteum as required by Rule 24.3 of the Takeover Code. The documents (or parts thereof) referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated by reference into this document pursuant to Rule 24.15 of the Takeover Code.

<i>Financial Information</i>	<i>Reference</i>
Audited consolidated financial statements for the last two financial years	<p><a href="http://www.pareteum.com/financial-reports-and-sec-filings">www.pareteum.com/financial-reports-and-sec-filings</a></p> <p>The audited consolidated accounts of Pareteum for the financial year ended 31 December 2017 are set out on pages 15 to 60 (both inclusive) in Pareteum's annual Form 10-K report for the financial year ended on 31 December 2017 (available from Pareteum's website at the link referred to above)</p> <p><a href="http://www.pareteum.com/financial-reports-and-sec-filings">www.pareteum.com/financial-reports-and-sec-filings</a></p> <p>The audited consolidated accounts of Pareteum for the financial year ended 31 December 2016 are set out on pages 22 to 76 (both inclusive) in Pareteum's annual Form 10-K report for the financial year ended on 31 December 2016 (available from Pareteum's website at the link referred to above)</p>
Interim accounts	<p><a href="http://www.pareteum.com/financial-reports-and-sec-filings">www.pareteum.com/financial-reports-and-sec-filings</a></p> <p>The unaudited consolidated interim results of Pareteum for the quarter years ended 31 March 2018 and 30 June 2018 (available from Pareteum's website at the link referred to above)</p>

These documents are available free of charge on Pareteum's website as set out above. A person who has received this document may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested by contacting Jefferies on +44 (0)20 7029 8000.

## 3. Incorporation of website information

Save as expressly referred to herein, neither the content of the Artilium nor the Pareteum website, nor the content of any website accessible from hyperlinks on Artilium's or Pareteum's website, is incorporated into, or forms part of, this document.

## PART 6

### ADDITIONAL INFORMATION

#### 1. Responsibility

- (a) The Artiliium Directors, whose names are set out in paragraph 2(a) below, each accepts responsibility for the Artiliium Information contained in this document and does not accept responsibility for any other information included in this document, in particular: (i) paragraph 7 (*Financial effects of the Acquisition*) of Part 2 (*Explanatory Statement*) of this document, (ii) paragraph 10 (*Financing the cash portion of the Acquisition*) of Part 2 (*Explanatory Statement*) of this document, and (iii) the Appendix (*Profit Forecasts and Quantified Financial Benefits Statements*) to this document insofar as it relates to Pareteum and/or the Pareteum Directors. To the best of the knowledge and belief of the Artiliium Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information (save that Bart Weijermars shall not take any responsibility for the recommendation of the Artiliium Recommending Directors and the reasons for such recommendation).
- (b) The Pareteum Directors, whose names are set out in paragraph 2(b) below, each accepts responsibility for the information contained in this document (including, without limitation, all information relating to Pareteum which has been incorporated by reference into this document) relating to the Pareteum Group, the Combined Group, the Pareteum Directors, the close relatives, related trusts and other persons connected with the Pareteum Directors and persons deemed to be acting in concert with Pareteum (as such term is defined in the Takeover Code) and paragraph 4 (*Management, employees and locations*) of Part 1 (*Letter from the Chairman of Artiliium*) (except the section entitled "Summary of the Management Arrangement"), paragraph 3 (*Background to, and reasons for, the Acquisition*) of Part 2 (*Explanatory Statement*), paragraph 7 (*Financial effects of the Acquisition*) of Part 2 (*Explanatory Statement*) and paragraph 10 (*Financing the cash portion of the Acquisition*) of Part 2 (*Explanatory Statement*) of this document, and the Appendix (*Profit Forecasts and Quantified Financial Benefits Statements*) to this document insofar as it relates to Pareteum. To the best of the knowledge and belief of the Pareteum Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Directors and corporate information

- (a) The Artiliium Directors and their positions in Artiliium are as follows:

<b>Name</b>	<b>Position</b>
Jan Paul Menke	<i>Chairman and Non-Executive Director</i>
Bart Weijermars	<i>Executive Director</i>
Gerard Dorenbos	<i>Non-Executive Director</i>
Rupert Hutton	<i>Chief Financial Officer</i>

The registered office of Artiliium and the business address of each of the Artiliium Directors is 9-13 St Andrew Street, London EC4A 3AF.

- (b) The Pareteum Directors and their positions in Pareteum are as follows:

<b>Name</b>	<b>Position</b>
Robert H. Turner	<i>Founder, Executive Chairman, Principal Executive Officer</i>
Yves Van Sante	<i>Director</i>
Luis Jimenez-Tunon	<i>Director</i>
Laura Thomas	<i>Director</i>

The registered office of Pareteum and the business address of each of the Pareteum Directors is 1185 Avenue of the Americas, 37th Floor, New York, NY 10036, United States.

### 3. Market quotations

#### (a) *Artilium*

Set out below are the Closing Prices of Artilium Shares taken from daily official list of the London Stock Exchange on:

- (i) the first dealing day in each of the six months immediately before the date of this document;
- (ii) 6 June 2018 (the last dealing day before the commencement of the Offer Period); and
- (iii) the Last Practicable Date.

<i>Date</i>	<i>Artilium Share (£)</i>
1 March 2018	14.3 pence
3 April 2018	14.7 pence
1 May 2018	15.8 pence
1 June 2018	16.5 pence
6 June 2018	16.5 pence
2 July 2018	18.5 pence
1 August 2018	19.8 pence
Last Practicable Date	20.0 pence

#### (b) *Pareteum*

Set out below are the Closing Prices of Pareteum Shares taken from the NYSE American on:

- (i) the first dealing day in each of the six months immediately before the date of this document;
- (ii) 6 June 2018 (the last dealing day before the commencement of the Offer Period); and
- (iii) the Last Practicable Date.

<i>Date</i>	<i>Pareteum Share (\$)</i>
1 March 2018	2.25
2 April 2018	2.25
1 May 2018	2.88
1 June 2018	2.42
6 June 2018	2.33
2 July 2018	2.44
1 August 2018	2.89
Last Practicable Date	2.55

### 4. Significant changes in financial or trading position of Artilium

The Artilium Directors are not aware of any significant change in the financial or trading position of Artilium since 31 December 2017, being the date to which Artilium's interim consolidated accounts were prepared (save for the acquisition of Interactive Digital Media GmbH in January 2018).

### 5. Significant changes in financial or trading position of Pareteum

The Pareteum Directors are not aware of any significant change in the financial or trading position of Pareteum since 30 June 2018, being the date to which Pareteum's latest 10-Q quarterly report was prepared.

### 6. Interests and dealings

#### (a) *Definitions*

For the purposes of this paragraph 6:

“**acting in concert**” with a party means any such person acting or deemed to be acting in concert with that party for the purposes of the Takeover Code and/or the Acquisition. Persons who will be presumed to be acting in concert with other persons include:



- (i) a company, its parent, subsidiaries and fellow subsidiaries and their associated companies and companies of which such companies are associated companies, all with each other (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);
- (ii) a company with its directors (together with their close relatives and the related trusts of any of them);
- (iii) connected advisers (and persons controlling, controlled by or under the same control as such connected advisers) with their clients; and
- (iv) the pension schemes of the company or any company described in (i) above;

“**arrangement**” includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;

“**connected advisers**” includes an organisation which: (i) is advising Pareteum or (as the case may be) Artillium in relation to the Acquisition; (ii) is corporate broker to Pareteum or (as the case may be) Artillium; (iii) is advising a person acting in concert with Pareteum or (as the case may be) Artillium in relation to the Acquisition or in relation to the matter which is the reason for that person being a member of the concert party; or (iv) is advising a relevant company in relation to the Acquisition;

“**control**” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give de facto control;

“**dealing**” includes: (i) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities; (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities; (iii) subscribing or agreeing to subscribe for securities; (iv) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights; (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities; (vi) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and (vii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;

“**derivative**” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

“**disclosure date**” means the Last Practicable Date;

“**disclosure period**” means the period commencing on 7 June 2017 (the date twelve months prior to the commencement of the Offer Period) and ending on the disclosure date;

A person has an “**interest**” or is “**interested**” in securities if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities (but not if he only has a short position in such securities) and in particular covers: (i) legal title and beneficial ownership (i.e. the ability to exercise, or control the exercise of, voting rights); (ii) the right, option or obligation to acquire, call for or take delivery of securities under an option or derivative; and (iii) the situation where a person holds a derivative referenced to, or which may result in, a long position in securities; and

“**relevant securities**” includes (i) Artillium Shares and any other securities of Artillium conferring voting rights; (ii) equity share capital of Artillium or, as the context requires, Pareteum; and (iii) securities of Artillium or, as the context requires, Pareteum and/or carrying conversion or subscription rights into any of the foregoing.

## **Artilium**

### **(b) Persons acting in concert with Artilium**

In addition to the Artilium Directors (together with their close relatives and related trusts) and members of the Artilium Group, the persons acting in concert with Artilium for the purposes of the Acquisition and which are required to be disclosed are:

<i>Name</i>	<i>Type of company</i>	<i>Registered Office</i>	<i>Relationship with Artilium</i>
finnCap Ltd	Financial Services	60 New Broad St, London EC2M 1JJ	Rule 3 Financial adviser, nominated adviser and corporate broker to Artilium
MoFo Nominees Limited	Nominee Company	c/o Morrison & Foerster, Citypoint, One Ropemaker Street, London EC2Y 9AW	Shares held in trust for the Artilium Employee Benefit Trust ("EBT")

### **(c) Interests in Relevant Securities of Artilium**

- (i) As at the close of business on the disclosure date, the interests, rights to subscribe and short positions in respect of relevant securities of Artilium held by Artilium Directors and their close relatives and related trusts and companies were as follows:

*Artilium Shares held by Artilium Directors or their close family members or related trusts (excluding any options or awards under the Artilium Management Options):*

<i>Name</i>	<i>Number of Artilium Shares</i>	<i>% of Artilium's existing share capital<sup>(1)</sup></i>
Gerard Dorenbos	63,929,687 <sup>(2)</sup>	18.001
Jan Paul Menke	6,936,897 <sup>(3)</sup>	1.953
Bart Weijermars	2,423,633 <sup>(4)</sup>	0.682
Rupert Hutton	256,410	0.072

(1) Percentages are calculated on the basis of 355,154,922 ordinary shares in Artilium, as at the Last Practicable Date, and rounded to three decimal places.

(2) Total number of ordinary shares held by Gerard Dorenbos comprises:

- 4,100,000 ordinary shares legally held by HSBC Global Custody Nominee UK Limited (Gerard Dorenbos is the beneficial owner of the ordinary shares);
- 497,227 ordinary shares legally held by Securities Services Nominees Limited (Gerard Dorenbos is the beneficial owner of the ordinary shares); and
- 59,332,460 ordinary shares legally held by Securities Services Nominees Limited (CHO Asset Investments B.V. is the beneficial owner – Gerard Dorenbos is the beneficial owner of CHO Asset Investments B.V.).

(3) Total number of ordinary shares held by Jan Paul Menke comprises:

- 4,259,401 ordinary shares legally held by Lynchwood Nominees Limited (Hoving & Partners Sa is the beneficial owner – Jan Paul Menke is the majority owner of Hoving & Partners Sa);
- 156,330 ordinary shares legally held by Aurora Nominees Limited (Hoving & Partners Sa is the beneficial owner – Jan Paul Menke is the majority owner of Hoving & Partners Sa); and
- 2,521,166 ordinary shares legally held by Lynchwood Nominees Limited (Jan Paul Menke is the beneficial owner of the ordinary shares).

(4) Total number of ordinary shares held by Bart Weijermars comprises:

- 1,560,000 ordinary shares legally held by Securities Services Nominees Limited (Grootzande Participaties BV is the beneficial owner – Grootzande Participaties BV is wholly-owned by Grootzande Beheer BV. Bart Weijermars is the beneficial owner of Grootzande Beheer BV); and

- 863,633 ordinary shares legally held by Securities Services Nominees Limited (Bart Weijermars is the beneficial owner of the ordinary shares).

- (ii) As at close of business on the disclosure date, the following options and awards in respect of Artilium Shares had been granted and remained outstanding under the Artilium Management Options:

*Artilium Directors' interests in Artilium Shares under the Artilium Management Options:*

<i>Name</i>	<i>Number of Artilium Shares</i>	<i>Grant Date</i>	<i>Normal Vesting Date</i>
Bart Weijermars	18,666,087	1 July 2017	N/A – conditional <sup>(1)</sup>
Rupert Hutton <sup>(3)</sup>	5,490,027	1 July 2017	N/A – conditional <sup>(2)</sup>

- (1) The option would ordinarily vest and become exercisable in three equal annual tranches subject to certain performance conditions being met. Should the Acquisition complete, the option will vest and be exercisable in full.
- (2) The option would ordinarily vest and become exercisable in three equal annual tranches subject to his continued employment with Artilium and certain performance conditions being met. Should the Acquisition complete, the option will be exercisable to the extent it has vested and, to the extent it is not already vested, it may vest on such terms and for such period as determined by the board of directors of Artilium at its absolute discretion.
- (3) Rupert Hutton has also been granted a nil-cost option to acquire ordinary shares on a change of control of Artilium with such ordinary shares having a market value of £25,000 as at the date of the change of control. Should the Acquisition complete, the board of directors of Artilium may determine how and when the nil-cost option may be satisfied, whether by way of cash bonus in lieu of Artilium Shares or in such other form as Artilium may determine.

- (iii) As at the close of business on the disclosure date, the interests, rights to subscribe and short positions in respect of relevant securities of Artilium held by persons acting in concert with Artilium (excluding the Artilium Directors) were as follows:

<i>Name</i>	<i>Number of Artilium Shares</i>	<i>% of Artilium's existing share capital<sup>(1)</sup></i>	<i>Nature of Interest</i>
finnCap Ltd	767,297	0.216	Right to subscribe <sup>(2)</sup>
MoFo Nominees Limited	1,666,667	0.469	Shares held in trust <sup>(3)</sup>

- (1) Percentages are calculated on the basis of 355,154,922 ordinary shares in Artilium, as at the Last Practicable Date, and rounded to three decimal places.
- (2) Pursuant to the terms of engagement between finnCap and Artilium plc (pursuant to which finnCap advises Artilium in connection with the offer), Artilium will issue to finnCap on the day of the Court Hearing (but conditional on the grant of the order of the Court sanctioning the Scheme) 767,297 ordinary shares in Artilium.
- (3) This represents shares that were not issued to holders of awards under historic Artilium group employee share schemes.

By way of background, the EBT acquired 3,000,000 Series 2 warrants in December 2006. These warrants were then exercised at a price of 75p and converted into ordinary 5p shares by the EBT. 1,333,333 of these shares were transferred to a beneficiary in November 2008. Since then, the EBT has not transferred any further shares and all outstanding options have lapsed.

- (iv) As at close of business on the disclosure date, the interests, rights to subscribe and short positions in respect of relevant securities of Artilium held by Pareteum were as follows:

<i>Name</i>	<i>Number of Artilium Shares</i>	<i>% of Artilium's existing share capital<sup>(1)</sup></i>	<i>Nature of Interest</i>
Pareteum Corporation	27,695,177	7.798%	Ordinary shares

- (1) Percentages are calculated on the basis of 355,154,922 ordinary shares in Artilium, as at the Last Practicable Date, and rounded to three decimal places.

(d) **Dealings in Relevant Securities of Artilium**

- (i) As at the close of business on the disclosure date, the following dealings in relevant securities of Artilium (including the exercise of awards under the Artilium Management Options) by Artilium, Artilium Directors and/or their close relatives and related trusts and companies, persons acting in concert with Artilium, and persons with whom Artilium or any person acting in concert with Artilium has any arrangement, have taken place during the Offer Period:

<i>Name</i>	<i>Date</i>	<i>Nature of dealing</i>	<i>Number of Artilium Shares</i>	<i>Exercise Price (£)</i>
Artilium	16 August 2018	Issue of shares	263,340	Nil <sup>(1)</sup>

(1) Shares issued pursuant to a repayment of debt (agreed to be repaid in shares).

**Pareteum**

(e) **Persons acting in concert with Pareteum**

In addition to the Pareteum Directors (together with their close relatives and related trusts) and members of the Pareteum Group, the persons acting in concert with Pareteum for the purposes of the Acquisition and which are required to be disclosed are:

<i>Name</i>	<i>Type of company</i>	<i>Registered Office</i>	<i>Relationship with Pareteum</i>
Jefferies International Limited	Financial Services	68 Upper Thames St, London EC4V 3BJ	Financial adviser to Pareteum

(f) **Interests in Relevant Securities of Pareteum**

- (i) As at the close of business on the disclosure date, the interests, rights to subscribe and short positions in respect of relevant securities of Pareteum held by the Pareteum Directors and their close relatives and related trusts and companies were as follows:

*Pareteum Shares held by Pareteum Directors or their close family members or related trusts*

<i>Name</i>	<i>Number of Pareteum Shares</i>	<i>% of Pareteum's existing shares of common stock<sup>(1)</sup></i>
Robert H. Turner	1,615,973	2.682
Yves Van Sante	179,618	0.298
Luis Jimenez-Tunon	101,436	0.168
Laura Thomas	9,333	0.015

(1) Percentages are calculated on the basis of 60,263,228 shares of common stock in Pareteum, as at the Last Practicable Date, and rounded to three decimal places.

Yves Van Sante's holding at above excludes 200,000 shares of common stock held pursuant to a restricted stock award (but not yet vested).

Luis Jimenez-Tuñon's holding above excludes:

- 200,000 common stock pursuant to a restricted stock award (one third are due to vest in October 2018 and the remaining two thirds vest during the next 24 months thereafter); and
- 32,583 common stock vested (but not yet issued) as payment for Board of Directors fees.

Laura Thomas's holding above excludes 100,000 shares of common stock pursuant to an option to purchase common stock.

- (ii) As at the close of business on the disclosure date, the interests, rights to subscribe and short positions in respect of relevant securities of Pareteum held by persons acting in concert with Pareteum (excluding the Pareteum Directors) were as follows:

<i>Name</i>	<i>Number of Pareteum Shares</i>	<i>% of Pareteum's existing shares of common stock<sup>(1)</sup></i>
Jefferies Investment Advisers, LLC, a company in the same corporate group as Jefferies, exercising discretionary control over these shares on behalf of itself and several underlying beneficial owners	200	0.000

(1) Percentages are calculated on the basis of 60,263,228 shares of common stock in Pareteum, as at the Last Practicable Date, and rounded to three decimal places.

- (iii) As at close of business on the disclosure date, the interests, rights to subscribe and short positions in respect of relevant securities of Pareteum held by Artilium were as follows:

<i>Name</i>	<i>Number of Pareteum Shares</i>	<i>% of Pareteum's existing shares of common stock<sup>(1)</sup></i>	<i>Nature of Interest</i>
Artilium plc	3,200,332	5.311	Common stock

(1) Percentages are calculated on the basis of 60,263,228 shares of common stock in Pareteum, as at the Last Practicable Date, and rounded to three decimal places.

(g) ***Dealings in Relevant Securities of Pareteum (other than repurchases by Pareteum of Pareteum Shares)***

- (i) As at the close of business on the disclosure date, the following dealings in relevant securities of Pareteum by the Pareteum Directors and their close relatives and related trusts and companies, persons acting in concert with Pareteum, and persons with whom Pareteum or any person acting in concert with Pareteum has any arrangement, have taken place during the disclosure period:

*Pareteum Directors' dealings in Pareteum Shares*

<i>Name</i>	<i>Date of transaction</i>	<i>Nature of dealing</i>	<i>Number of Shares</i>	<i>Price (\$)</i>
Robert H. Turner	7 June 2018	Vesting of shares	31,250	Nil
Robert H. Turner	7 July 2018	Vesting of shares	156,250	Nil

(h) ***General***

- (i) Save as disclosed above, none of Artilium, any Artilium Directors, any close relatives of such directors or any related trusts and companies, or any person with whom Artilium or any person acting in concert with Artilium has an arrangement (save for the irrevocable undertakings described in paragraph 9 of this Part 6 (*Additional Information*)), was interested, had any rights to subscribe or had any short positions in respect of any Artilium or Pareteum relevant securities on the disclosure date, nor has any such person dealt in any Artilium or Pareteum relevant securities during the Offer Period.
- (ii) Save as disclosed above, none of Pareteum, any member of the Pareteum Group, any of the directors of Pareteum, any close relatives of such directors or any related trusts and companies, nor any person acting in concert with Pareteum, or any person with whom Pareteum or any person acting in concert with Pareteum has an arrangement (save for the irrevocable undertakings described in paragraph 9 of this Part 6 (*Additional Information*)), was interested, had any rights to subscribe or had any short positions in respect of any



Artilium or Pareteum relevant securities on the disclosure date nor has any such person dealt in any Artilium or Pareteum relevant securities during the disclosure period.

- (iii) Save as disclosed above, neither Artilium nor any person acting in concert with Artilium has borrowed or lent any relevant securities of Artilium or Pareteum during the Offer Period, save for any borrowed shares which have either been on lent or sold.
  - (iv) Save as disclosed above, neither Pareteum nor any person acting in concert with Pareteum has borrowed or lent any relevant securities of Artilium or Pareteum during the disclosure period, save for any borrowed shares which have either been on lent or sold.
  - (v) Save as disclosed above, neither Artilium nor any person acting in concert with Artilium has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of Artilium or Pareteum during the Offer Period.
  - (vi) Save as disclosed above, neither Pareteum nor any person acting in concert with Pareteum has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of Artilium or Pareteum during the disclosure period.
  - (vii) Save for the irrevocable undertakings in paragraph 9 of this Part 6 (*Additional Information*), there is no arrangement of the kind referred to in Note 9 on the definition of “acting in concert” set out in the Takeover Code relating to relevant securities in Artilium which exists between Pareteum, any member of the Pareteum Group or any person acting in concert with Pareteum or any member of the Pareteum Group and any other person, nor between Artilium or any person acting in concert with Artilium and any other person.
  - (viii) Artilium has not redeemed or purchased any relevant securities of Artilium during the Offer Period.
  - (ix) Pareteum has not redeemed or purchased any relevant securities of Pareteum during the disclosure period.
- (i) ***Descriptions of shareholders with potential shareholdings in the Combined Group of over 5 per cent.***

If the Scheme becomes Effective, the person listed and described below is expected to have a shareholding in the Combined Group of greater than 5 per cent.:

<i>Name</i>	<i>Percentage stockholding in Pareteum as at the Last Practicable Date<sup>(1)</sup></i>	<i>Percentage shareholding in Artilium as at the Last Practicable Date<sup>(2)</sup></i>	<i>Implied percentage holding of the Combined Group<sup>(3)</sup></i>
Gerard Dorenbos – director of Artilium	N/A	18.00	6.85 <sup>(4)</sup>

Notes:

- (1) Percentages are calculated on the basis of public disclosures made by the relevant shareholders and 60,263,228 shares of common stock in Pareteum, as at the Last Practicable Date.
- (2) Percentages are calculated on the basis of public disclosures made by the relevant shareholders and 355,154,922 ordinary shares in Artilium as at the Last Practicable Date.
- (3) Percentages are calculated on the basis of an enlarged issued share capital of the Combined Group of 94,914,972 Pareteum Shares (as calculated in paragraph 9 of Part 8 (*Sources of Information and Bases of Calculation*)).
- (4) This percentage also takes into account 86,854 Artilium Shares issuable in lieu of fees.

## 7. Taxation

### (a) ***United Kingdom taxation***

The following is a general guide to certain limited aspects of the UK tax treatment of the Scheme, and acquiring, holding and disposing of the New Pareteum Shares (or Pareteum CDIs) and does not purport to be a complete analysis of all the potential UK tax considerations relating thereto.

The comments set out below do not constitute tax advice and are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs' published practice (which may not be binding on HM Revenue & Customs) as at the date of this document, both of which are subject to change, possibly with retrospective effect.

It applies only to Scheme Shareholders (a) who are resident for tax purposes solely in the UK at all relevant times and, in the case of individuals, to whom "split year" treatment does not apply and who are domiciled for tax purposes only in the United Kingdom (except insofar as express reference is made to the treatment of non-United Kingdom residents); (b) who hold their shares in Artidium (and subsequently any shares in Pareteum) as an investment (other than in an individual savings account or a self-invested personal pension); and (c) who are the absolute beneficial owners thereof.

The discussion does not address all possible tax consequences relating to an investment in any relevant shares. Certain categories of shareholders, including those carrying on certain financial activities (including market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services), those subject to specific tax regimes or benefiting from certain reliefs and exemptions, those connected with Artidium or Pareteum, and those for whom the shares are employment-related securities may be subject to special rules and this summary does not apply to such shareholders.

Artidium shareholders or prospective Artidium shareholders who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, or who are in any doubt about their tax position, should consult their own professional advisers immediately.

#### *Scheme Shareholders receiving New Pareteum Shares (or Pareteum CDIs) under the Scheme*

To the extent that a Scheme Shareholder receives New Pareteum Shares (or Pareteum CDIs) in exchange for his or her (or its) Artidium Shares and does not hold (either alone or together with persons connected with him or her (or it)) more than 5 per cent. of, or of any class of shares in, or debentures of, Artidium, that Scheme Shareholder should not be treated as having made a disposal of Artidium Shares. Instead, the New Pareteum Shares should be treated as the same asset as those Artidium Shares, and as acquired at the same time and for the same consideration as those shares.

Scheme Shareholders who, alone or together with connected persons, hold more than 5 per cent. of, or of any class of shares in, or debentures, of Artidium may be eligible for the treatment described in the preceding paragraph only if the transaction is effected for bona fide commercial reasons and not for tax avoidance purposes, pursuant to section 137 of the Taxation of Chargeable Gains Act 1992. Such Scheme Shareholders are advised that no clearance has been sought from HMRC under section 138 of that Act that section 137 will not apply to prevent the treatment described in the preceding paragraph.

#### *Scheme Shareholders receiving cash under the Scheme*

To the extent a Scheme Shareholder receives cash from Pareteum in respect of his or her (or its) Artidium Shares, that Scheme Shareholder will be treated as making a part disposal of Artidium Shares which may, depending on the Scheme Shareholder's individual circumstances (including the Scheme Shareholder's base cost in his or her (or its) holding of Artidium Shares, and the availability of exemptions, reliefs or allowable losses), give rise to a liability to UK capital gains tax (in the case of Scheme Shareholders who are individuals) or UK corporation tax on chargeable gains (in the case of Scheme Shareholders within the charge to UK corporation tax).

Subject to any available reliefs or allowances, gains arising on a disposal of Artidium Shares by an individual will be taxed at a rate of 10 per cent. except to the extent that the gain, when it is added to an individual Scheme Shareholder's other taxable income and gains in the relevant tax year, exceeds the upper limit of the income tax basic rate band (£34,500 for the 2018/2019 tax year, after giving effect to the personal allowance and any other applicable allowances), in which case it will be taxed at the rate of 20 per cent.

The capital gains tax annual exempt amount (£11,700 for the 2018/2019 tax year) may be available to individual Scheme Shareholders to offset against chargeable gains realised on the disposal of their Artium Shares.

For Scheme Shareholders within the charge to UK corporation tax (but which do not qualify for the substantial shareholding, or any other, exemption in respect of their Artium Shares), a gain on the disposal of Artium Shares will be subject to corporation tax on chargeable gains in respect of the disposal, currently at a rate of 19 per cent.

#### *Tax treatment of holdings of New Pareteum Shares*

(i) **Withholding tax**  
Pareteum will not be required to deduct or withhold any amount in respect of tax imposed by the UK from dividends paid to shareholders in respect of their New Pareteum Shares.

(ii) **Dividends on New Pareteum Shares**  
**UK resident individual shareholders**

All dividends received by a Scheme Shareholder who is an individual in respect of the New Pareteum Shares will form part of that shareholder's total income for income tax purposes and will constitute the top slice of that income. A nil rate of income tax will apply to the first £2,000 of taxable dividend income received by that shareholder in the 2018-19 tax year and subsequent years.

Where an individual shareholder's total dividend income is above that nil rate dividend allowance, that individual shareholder will not be subject to tax on dividend income above the allowance to the extent that, treating that income as the top slice of the shareholder's income, that income would be within that individual's personal allowance. Any amount in excess of the nil rate allowance and the personal allowance (if applicable) will be taxed at the relevant rate, treating such an amount as the top slice of the shareholder's income. The rates are 7.5 per cent. to the extent that the excess amount falls within the basic rate tax band, 32.5 per cent. to the extent that the excess amount falls within the higher rate tax band and 38.1 per cent. to the extent that the excess amount falls within the additional rate tax band.

#### **Other shareholders**

Dividends paid by Pareteum to Scheme Shareholders who are subject to UK corporation tax and are not "small" for these purposes should fall within one or more of the classes of dividend qualifying for exemption from corporation tax, although the exemptions are not comprehensive and are also subject to anti-avoidance rules. Such shareholders should consult their own professional advisers.

(iii) **Future disposal of New Pareteum Shares (or Pareteum CDIs)**

A subsequent disposal of New Pareteum Shares (or Pareteum CDIs) by Scheme Shareholders may, depending on their individual circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to UK tax on chargeable gains.

#### *UK Stamp Duty and Stamp Duty Reserve Tax ("SDRT")*

(i) **Scheme**  
No UK stamp duty or SDRT will be payable by Scheme Shareholders in respect of the transfer of the Scheme Shares or on the issue of the New Pareteum Shares or Pareteum CDIs (subject to the satisfaction of the conditions listed at paragraph (iii) below) pursuant to the Scheme.

(ii) **New Pareteum Shares**  
No stamp duty should be payable in the United Kingdom upon a paperless transfer of New Pareteum Shares.

No UK SDRT should be payable under an agreement to transfer New Pareteum Shares provided that a number of conditions are satisfied, primarily that the New Pareteum Shares are (a) not registered in a register held in the United Kingdom and (b) not paired with shares issued by a company incorporated in the United Kingdom. It is not intended that any such share register will be kept in the United Kingdom nor that the New Pareteum Shares will be paired with shares issued by a company incorporated in the United Kingdom.

- (iii) Pareteum CDIs  
No stamp duty should be payable in the United Kingdom upon a paperless transfer of Pareteum CDIs.

No UK SDRT should generally be payable on an agreement to transfer Pareteum CDIs provided a number of conditions are satisfied. These include that Pareteum is not managed or controlled in the United Kingdom, and that the Pareteum Shares represented by the Pareteum CDIs are of the same class as Pareteum Shares that are listed on a recognised stock exchange and are not registered in a register in the UK.

(b) **US taxation**

***The following discussion is a summary of certain material US federal income tax considerations for Non-US Scheme Shareholders (as defined below) that receive cash and/or New Pareteum Shares for their Scheme Shares. THIS SUMMARY DOES NOT DISCUSS ANY US TAX CONSIDERATIONS FOR US SCHEME SHAREHOLDERS (AS DEFINED BELOW).***

This summary is not a comprehensive description of all tax considerations that may be relevant to any particular Non-US Scheme Shareholder. It generally addresses only Non-US Scheme Shareholders that hold Scheme Shares as capital assets. This summary also does not address US state and local, and non-US or other tax considerations or the Medicare tax on net investment income. In addition, this summary does not address US federal income tax considerations that may be pertinent to Non-US Scheme Shareholders that are controlled foreign corporations for US tax purposes.

For the purposes of this summary, you are a “**US Scheme Shareholder**” if you are: (1) an individual citizen of the United States or a resident alien of the United States as determined for US federal income tax purposes; (2) a corporation (or other entity treated as a corporation for US federal income tax purposes) created or organized under the laws of the United States or any state of the United States or the District of Columbia; (3) an estate the income of which is subject to US federal income taxation regardless of its source; or (4) a trust (A) if a court within the United States is able to exercise primary jurisdiction over its administration and one or more US persons have authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury regulations to be treated as a US person. You are a “**Non-US Scheme Shareholder**” if you are not a US Scheme Shareholder.

This summary is based on the Internal Revenue Code of 1986, as amended, (the “**Internal Revenue Code**”), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date of this document and all subject to change any time, possibly with retroactive effect. We have not requested, and do not intend to request, a ruling from the United States Internal Revenue Service (the “**IRS**”) with respect to any of the US federal income tax consequences described below; there can be no assurance that the IRS will not disagree with or challenge any of the conclusions we have reached and described in this document.

The US federal income tax treatment of a partner in a partnership (or equity holder in any other pass-through entity) that holds Scheme Shares will depend on the status of the partner (or equity holder) and the activities of the partnership (or other pass-through entity). Partnerships (and other pass through entities) should consult their tax advisers concerning the US federal income tax consequences to their partners (or equity holders) of participating in the Scheme.

**THE SUMMARY OF US FEDERAL INCOME TAX CONSIDERATIONS SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL SCHEME SHAREHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE SCHEME INCLUDING THE APPLICABILITY AND EFFECT OF US STATE AND LOCAL AND NON-US OR OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

*Disposition of Scheme Shares by Non-US Scheme Shareholders*

A Non-US Scheme Shareholder generally will not be subject to US federal income or withholding tax on any gain realized upon the sale, exchange or other taxable disposition (including pursuant to the Scheme) of Scheme Shares unless:

- the gain is effectively connected with such Non-US Scheme Shareholder's conduct of a trade or business in the United States and, where required by an applicable income tax treaty, the gain is attributable to such Non-US Scheme Shareholder's permanent establishment in the United States; or
- such Non-US Scheme Shareholder is an individual present in the United States for 183 days or more in the calendar year of the sale, exchange or other taxable disposition and certain other conditions are satisfied.

A gain that is effectively connected with such Non-US Scheme Shareholder's conduct of a trade or business in the United States (and, where required by an applicable income tax treaty, attributable to such Non-US Scheme Shareholder's permanent establishment in the United States) will be subject to tax on a net income basis at regular graduated US federal income tax rates in the same manner as if such Non-US Scheme Shareholder were a United States person as defined under the Internal Revenue Code. A Non-US Scheme Shareholder that is a corporation may also be subject to a branch profits tax equal to 30 per cent., or such lower rate as may be specified by an applicable income tax treaty, of its effectively connected earnings and profits for the taxable year, as adjusted for certain items. An individual Non-US Scheme Shareholder present in the United States for 183 days or more in the calendar year of the sale, exchange or other taxable disposition (and where certain other conditions are satisfied) will be required to pay (subject to applicable income tax treaties) a flat 30 per cent. tax on the gain derived from the sale, which may be offset by certain United States source capital losses, even though the individual is not considered a resident of the United States.

*Distributions on New Pareteum Shares held by Non-US Scheme Shareholders*

In the event that Pareteum makes a distribution of cash or other property in respect of New Pareteum Shares, the distribution generally will be treated as a dividend to the extent of the Non-US Scheme Shareholders share of Pareteum's current and accumulated earnings and profits as determined under US federal income tax principles. If the payer of a distribution is unable to determine whether the distribution is paid out of current or accumulated earnings and profits, the entire distribution must be treated and reported as a dividend under applicable information reporting requirements. Any portion of a distribution that exceeds Pareteum's current and accumulated earnings and profits will generally be treated first as a tax-free return of capital, on a share-by-share basis, to the extent of the Non-US Scheme Shareholder's tax basis in its New Pareteum's Shares, and, to the extent such portion exceeds the Non-US Scheme Shareholder's tax basis in its New Pareteum Shares, the excess will be treated as gain from the disposition of its Scheme Shares, the tax treatment of which is discussed above.

The gross amount of dividends paid to a Non-US Scheme Shareholder generally will be subject to withholding of US federal income tax at a rate of 30 per cent. or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the Non-US Scheme Shareholder within the United States (and, where required by an applicable income tax treaty, are attributable to a permanent establishment maintained by the Non-US Scheme Shareholder in the United States) are not subject to this withholding tax, provided certain certification and disclosure requirements are satisfied. Instead, such dividends are subject to US federal income tax on a net income basis at regular graduated US federal income tax rates in the same manner as if the Non-US Scheme Shareholder were a United States person as defined under the Internal Revenue Code. Any such effectively connected dividends received by a non-US corporation may be subject to an



additional “branch profits tax” at a 30 per cent. rate or such lower rate as may be specified by an applicable income tax treaty.

A Non-US Scheme Shareholder that wishes to claim the benefit of an applicable income tax treaty for dividends will be required to provide the applicable withholding agent with a valid United States IRS Form W-8BEN or Form W-8BEN-E (or other applicable form) and certify under penalties of perjury that such holder is not a United States person as defined under the Internal Revenue Code and is eligible for treaty benefits. This certification must be provided to the applicable withholding agent prior to the payment of dividends and may be required to be updated periodically. If New Pareteum Shares are held through a non-US partnership or non-US intermediary, the non-US partnership or non-US intermediary will also be required to comply with additional certification requirements under applicable Treasury regulations.

A Non-US Scheme Shareholder eligible for a reduced rate of US withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

#### *Backup Withholding and Information Reporting*

Payments of dividends and other proceeds to Non-US Scheme Shareholders and the tax withheld with respect to such amounts (regardless of whether withholding was required) with respect to New Pareteum Shares (and payments made pursuant to the Scheme if made to or through a US broker or agent) will be reported to the US IRS. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the Non-US Scheme Shareholders resides under the provisions of an applicable income tax treaty or tax information exchange agreement. Payments of dividends in respect of, or proceeds on the disposition of, New Pareteum Shares (and payments made pursuant to the Scheme if made to or through a US broker or agent) may be subject to additional information reporting and backup withholding unless such Non-US Scheme Shareholders establishes an exemption, for example by properly certifying that such Non-US Scheme Shareholder is not a United States person as defined under the Internal Revenue Code on an IRS Form W-8BEN or another appropriate version of Form W-8 (provided that the payer does not have actual knowledge or reason to know that such Non-US Scheme Shareholders is a United States person).

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from payments made to a Non-US Scheme Shareholder will reduce the Non-US Scheme Shareholder’s US federal income tax liability. If withholding results in an overpayment of taxes, a refund or credit may generally be obtained from the IRS, provided the required information is timely furnished to the IRS. A Non-US Scheme Shareholder should consult its tax adviser regarding the application of the information reporting and backup withholding rules.

Under rules generally referred to the Foreign Account Tax Compliance Act (“**FATCA**”) rules, withholding at a rate of 30 per cent. will be required on dividends in respect of gross proceeds from the sale of New Pareteum Shares held by or through certain non-US financial institutions (including investment funds), unless such institution satisfies certain reporting requirements with respect to shares in, and accounts maintained by, the institution to the extent such shares or accounts are held by certain United States persons or by certain non-US entities that are wholly or partially owned by United States persons. Accordingly, the entity through which New Pareteum Shares are held will affect the determination of whether such withholding is required. Similarly, dividends in respect of gross proceeds from the sale of shares of common stock held by a non-financial non US entity will be subject to withholding at a rate of 30 per cent., unless such entity either (i) certifies that such entity does not have any substantial United States owners or (ii) provides certain information.

**THE SUMMARY ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR SCHEME SHAREHOLDER. EACH SCHEME SHAREHOLDER IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES OF PARTICIPATION IN THE SCHEME, ANY REPORTING OR FILING OBLIGATIONS ARISING AS A RESULT OF SUCH PARTICIPATION, AND THE TAX**

## CONSEQUENCES OF ACQUIRING, HOLDING, OR DISPOSING OF NEW PARETEUM SHARES, IN LIGHT OF THE HOLDER'S OWN CIRCUMSTANCES.

### 8. Bases and sources of information

In this document, unless otherwise stated or the context otherwise requires, the bases and sources used are as set out in Part 8 (*Sources of Information and Bases of Calculation*) of this document.

### 9. Irrevocable Undertakings

#### (a) *Artilium Directors*

As at the Last Practicable Date, all of the Artilium Recommending Directors who hold Artilium Shares or otherwise control the voting rights in respect of such shares have irrevocably undertaken to Pareteum to vote (or procure the voting) in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, if the Acquisition is implemented by way of a Takeover Offer, to accept the Takeover Offer), in respect of the beneficial holdings which are under their control, of, in aggregate, 71,122,994 Artilium Shares representing approximately 20.025 per cent. of the issued ordinary share capital of Artilium on the Last Practicable Date.

The individual irrevocable undertakings which have been provided by the Artilium Recommending Directors who hold Artilium Shares are as follows:

<i>Name</i>	<i>Number of Artilium Shares in respect of which undertaking is given<sup>(1)</sup></i>	<i>% of Artilium's existing issued ordinary share capital<sup>(2)</sup></i>
Jan Paul Menke	6,936,897	1.953
Gerard Dorenbos	63,929,687	18.000
Rupert Hutton	256,410	0.072
<b>TOTAL</b>	<b>71,122,994</b>	<b>20.025</b>

Notes:

- (1) The numbers referred to in this table refer to Artilium Shares in respect of which the Artilium Directors are the beneficial owners and Artilium Shares in respect of which they control the voting rights attached thereto.
- (2) Percentages are calculated on the basis of 355,154,922 ordinary shares in Artilium, as at the Last Practicable Date, and rounded down to three decimal places. The aggregated percentage totals are calculated based on the relevant total number of shares held and not the aggregate of the percentage holdings of the relevant persons.

In addition, Bart Weijermars has irrevocably undertaken to Pareteum to vote in favour of the Resolutions to be proposed at the General Meeting (or, if the Acquisition is implemented by way of a Takeover Offer, to accept the Takeover Offer) (save for the Resolution to approve the Management Arrangement on which he is not allowed to vote) in respect of his beneficial holding of Artilium Shares which are under his control, being 2,423,633<sup>(3)</sup> Artilium Shares (representing, in aggregate, approximately 0.682 per cent.<sup>(4)</sup> of the issued ordinary share capital of Artilium on the Last Practicable Date.

Notes:

- (3) This number refers to Artilium Shares in respect of which Bart Weijermars is the beneficial owner and Artilium Shares in respect of which he controls the voting rights attached thereto.
- (4) This percentage is calculated on the basis of 355,154,922 ordinary shares in Artilium, as at the Last Practicable Date, and rounded down to three decimal places.

The irrevocable undertakings referred to above will cease to be binding if:

- (i) the Scheme or a Takeover Offer announced in implementation of the Acquisition has not become Effective or been declared unconditional in all respects in accordance with the requirements of the Takeover Code (as the case may be) prior to the Long Stop Date; or
- (ii) the Scheme or a Takeover Offer (as the case may be) has lapsed or been withdrawn in accordance with its terms (for the avoidance of doubt, this shall not apply where the

Scheme lapses or is withdrawn solely as a result of Pareteum exercising its right to implement the Acquisition by way of a Takeover Offer rather than a Scheme) and no new, revised or replacement Scheme or Takeover Offer has been announced by Pareteum or its affiliates in accordance with Rule 2.7 of the Takeover Code at the same time.

The undertakings will remain binding in the event that a higher competing offer for Artilium is made.

(b) **Artilium Shareholders**

As at the Last Practicable Date, certain other Artilium Shareholders have irrevocably undertaken to Pareteum to vote (or procure the voting) in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, if the Acquisition is implemented by way of a Takeover Offer, to accept the Takeover Offer), in respect of the beneficial holdings which are under their control, of, in aggregate, 141,887,365 Artilium Shares representing approximately 39.950 per cent. of the issued ordinary share capital of Artilium on the Last Practicable Date. The individual irrevocable undertakings which have been provided by the Artilium Shareholders are as follows:

<i>Name</i>	<i>Number of Artilium Shares in respect of which undertaking is given<sup>(1)</sup></i>	<i>% of Artilium's existing issued ordinary share capital<sup>(2)</sup></i>
Frank Kamsteeg	14,486,931	4.079
Alberto Gimona	3,250,000	0.915
Andre Koudstaal	6,094,372	1.715
Family Deleu-Hillaert N&L	27,316,147	7.691
Eddy de Kroes	7,816,849	2.200
Maarten van der Landen	17,184,346	4.838
Mollinn (Roland Benuis)	4,075,000	1.147
Nico de Pronk	18,788,437	5.290
Red Lum	2,996,780	0.843
Ronald Zimet	23,900,000	6.729
Sven van der Boogaard	1,650,000	0.464
Junint Limited	14,328,503	4.034
<b>Total</b>	<b>141,887,365</b>	<b>39.950</b>

Notes:

- (1) The numbers referred to in this table refer to Artilium Shares in respect of which the Artilium Shareholders are the beneficial owners and Artilium Shares in respect of which they control the voting rights attached thereto.
- (2) Percentages are calculated on the basis of 355,154,922 ordinary shares in Artilium, as at the Last Practicable Date, and rounded down to three decimal places. The aggregated percentage totals are calculated based on the relevant total number of shares held and not the aggregate of the percentage holdings of the relevant persons.

These irrevocable undertakings will cease to be binding if:

- (i) the Scheme or a Takeover Offer announced in implementation of the Acquisition has not become Effective or been declared unconditional in all respects in accordance with the requirements of the Takeover Code (as the case may be) prior to the Long Stop Date; or
- (ii) the Scheme or a Takeover Offer (as the case may be) has lapsed or been withdrawn in accordance with its terms (for the avoidance of doubt, this shall not apply where the Scheme lapses or is withdrawn solely as a result of Pareteum exercising its right to implement the Acquisition by way of a Takeover Offer rather than a Scheme) and no new, revised or replacement Scheme or Takeover Offer has been announced by Pareteum or its affiliates in accordance with Rule 2.7 of the Takeover Code at the same time; or
- (iii) a third party makes a competing offer at a value which (in Pareteum's reasonable opinion on the advice of Jefferies) exceeds the value of the consideration per Artilium Share under the Acquisition by 15 per cent. or more per Artilium Share (provided that, if no later than 5.00 p.m. on the fifth Business Day after the day on which the third party's offer is made,

the consideration per Artilium Share under the Acquisition is increased such that its value (in Pareteum's reasonable opinion on the advice of Jefferies) is equal to or exceeds the third party's offer, the irrevocable undertaking shall not lapse and all obligations under it shall remain in full force and effect).

## 10. Cash Confirmation

In accordance with Rule 24.8 of the Takeover Code, Jefferies, as financial adviser to Pareteum, is satisfied that sufficient resources are available to Pareteum to satisfy in full the cash portion of the Offer Consideration.

## 11. Material contracts

### (a) *Artilium*

Save as disclosed below, there have been no contracts entered into by Artilium or any of its subsidiaries during the period commencing on 7 June 2016 (the date two years before the commencement of the Offer Period) and ended on the Last Practicable Date which are outside the ordinary course of business and which are or may be considered material:

#### *Acquisition of Ello Mobile*

On 1 December 2016, United Telecom NV, a wholly-owned subsidiary of Artilium, acquired Ello BVBA, trading as "Ello Mobile", from Serge Van de Zande and Onno Hesselink. Ello Mobile is an MVNO based in Belgium. The consideration for the acquisition was:

- (i) EUR 300,000, satisfied by the issue of 3,823,636 Artilium Shares by Artilium to the vendors;
- (ii) a commitment by United Telecom NV, or for Ello BVBA, to donate at least EUR 50,000 per year to charity organisations during the first three years after completion; and
- (iii) the payment of the 2016 net cash profit of the Ello BVBA to charity organisations.

#### *Acquisition of Wbase CV*

On 12 April 2017, Artilium acquired Wbase CV, a web development agency based in Gent, Belgium, specialising in the development of Drupal websites, digital communication and e-commerce platforms, from Frédéric Cantineau and Nathalie De Backer. The consideration for the acquisition was:

- (i) an initial EUR 110,000, EUR 20,000 of which was satisfied by the issue of 254,776 Artilium Shares by Artilium to the vendors; and
- (ii) deferred consideration up to a maximum of EUR 300,000 to be satisfied in shares and subject to an earn out agreement – as the set targets were not achieved, no such deferred consideration was paid or is payable in respect of this acquisition.

#### *Acquisition of customers of Digiweb Telecom*

On 30 June 2017, United Telecom NV, a wholly-owned subsidiary of Artilium, acquired the Belgian customer base of Digital Telecom. The customer base comprised approximately 8,000 customers, and also included all necessary equipment. The consideration for the acquisition was EUR 125,000 in cash and the issue of 1,601,315 Artilium Shares by Artilium to Digital Telecom Ireland (parent of Digital Telecom).

#### *Strategic alliance with Pareteum*

On 16 October 2017, Artilium and Pareteum entered into a strategic alliance to jointly pursue new and developed markets, creating accelerated growth and market penetration for both companies.

In conjunction with the alliance, Artilium and Pareteum entered into a share exchange agreement whereby Artilium would issue 27,695,177 Artilium Shares to Pareteum in exchange for Pareteum issuing 3,200,332 common shares in to Artilium. Following the share exchange, Artilium was beneficially interested in approximately 19.9 per cent. of Pareteum's issued share capital and

Pareteum was beneficially interested in approximately 8.8 per cent. of Artilium's issued share capital.

*Acquisition of Interactive Digital Media GmbH ("IDM")*

On 15 January 2018, Artilium acquired IDM, an international cloud communications provider headquartered in Lubeck, Germany, from Andreas Felke and Leverage GmbH. The consideration for the acquisition was:

- (i) EUR 2,000,000; and
- (ii) EUR 1,500,000 which may be satisfied, amongst other things, by way of issue of Artilium Shares or options in respect of Artilium Shares to Andreas Felke or Leverage GmbH.

No consideration pursuant to limb (ii) has yet been paid. The most share dilutive method by which this additional consideration might be satisfied, pursuant to the agreement, would be through the issue of 19,045,998 options over Artilium Shares (the option exercise price being settled by way of cashless exercise or by way of a net settling mechanism) ("**IDM Option**").

(b) **Pareteum**

Save as disclosed below, there have been no contracts entered into by Pareteum or any of its subsidiaries during the period commencing on 7 June 2016 (the date two years before the commencement of the Offer Period) and ended on the Last Practicable Date which are outside the ordinary course of business and which are or may be considered material:

*November 2016 Series A-1 Preferred Stock Offering*

On 10 November 2016, Pareteum entered into separate subscription agreements with certain "accredited investors" (relating to the issuance and sale of 62 shares of Pareteum's Series A-1 Preferred Stock, par value \$0.00001 per share (the "**Series A-1 Preferred Stock**")), for aggregate gross proceeds of \$619,807.12.

Each share of Series A-1 Preferred Stock is convertible, at the option of the holder, into 0.04% of Pareteum's issued and outstanding shares of common stock immediately prior to conversion.

*December 2016 A-1 Preferred Stock Sale*

On 2 December 2016, Pareteum entered into a subscription agreement with an "accredited investor" (as defined in Rule 501(a) of the Securities Act of 1933), relating to the issuance and sale of five Series A-1 Preferred Stock, for aggregate gross proceeds of \$50,000.

*December 2016 Notes Agreements*

On 16 December 2016, Pareteum entered into a letter agreement (the "**2016 Notes Agreement**") with certain holders (the "**2015 Notes Holders**") of 9% Unsecured Subordinated Convertible Promissory Notes in the aggregate amount of \$3,548,000 (the "**2015 Notes**") and warrants ("**2015 Warrants**") previously issued by Pareteum pursuant to a private placement memorandum dated 1 December 2015, as amended.

Pursuant to the 2016 Notes Agreement, Pareteum and the 2015 Notes Holders agreed to modify certain terms of the 2015 Notes whereby the principal amount thereof will be increased by ten percent (10%), which interest shall begin to accrue as of the date of the 2016 Notes Agreement. In addition, the holders of the 2015 Notes are granted the right, exercisable at any time prior to the maturity date of the 2015 Note, to convert the principal amount then outstanding into Pareteum Shares, at a conversion price of fifteen cents (\$0.15) per share. Upon a voluntary conversion prior to the maturity date, 100% of the interest that would have been payable between the date of the voluntary conversion and the maturity date (the "**Unpaid Interest Amount**") shall be converted into such number of Pareteum Shares equal to the Unpaid Interest Amount divided by the conversion price. Further, the parties have agreed to the removal of certain anti-dilution protections granted under the 2015 Notes.



#### *March 2017 Underwriting Agreement*

On 10 March 2017, Pareteum entered into an underwriting agreement (the “**March 2017 Underwriting Agreement**”) with Joseph Gunnar & Co., LLC (the “**Underwriter**”), relating to the issuance and sale of 2,333,334 Pareteum Shares, at a price to the public of \$1.50 per share together with five-year warrants to purchase an aggregate of 1,166,667 Pareteum Shares at an exercise price of \$1.87. The Underwriter agreed to purchase the shares from Pareteum pursuant to the March 2017 Underwriting Agreement at a price of \$1.3949 per share. The gross proceeds to Pareteum from the offering are expected to be approximately \$3.5 million, before deducting underwriting discounts and commissions and estimated offering expenses payable by Pareteum. The offering closed on 15 March 2017. In addition, under the terms of the March 2017 Underwriting Agreement, Pareteum has granted the Underwriter a 45-day option to purchase (i) up to 350,000 additional Pareteum Shares (the “**Option Shares**”) at a purchase price of \$1.3949 per one Option Share, taking into account the Underwriter’s discount, and/or (ii) warrants to purchase up to 175,000 additional Pareteum Shares (the “**Option Warrants**”). The Underwriter partially exercised its over-allotment option on 109,133 Option Warrants.

#### *March 2017 Notes Agreement*

On 30 March 2017, Pareteum entered into an agreement (the “**2017 Notes Agreement**”) with Saffelberg Investments NV (the “**Saffelberg**”) pursuant to which Pareteum and Saffelberg amended the terms of, redeemed or effected conversion, as the case may be, of certain convertible promissory notes (the “**2017 Note(s)**”) and warrants (the “**2017 Warrant(s)**”) previously issued by Pareteum to the Holder.

Pursuant to the 2017 Notes Agreement, Pareteum and Saffelberg agreed to modify certain terms of the 2017 Notes whereby (i) the principal amount of one 2017 Note, in the initial amount of \$723,900, was increased by ten percent (10%) and subsequently converted into 530,860 Pareteum Shares, and (ii) Pareteum immediately repaid in cash another 2017 Note in the principal amount of \$350,000, plus interest of \$59,304.20.

The 2017 Notes Agreement also provides (i) for a ten percent (10%) increase in the number of Pareteum Shares issuable upon the exercise of a 2017 Warrant, exercisable for an initial amount of 96,520 Pareteum Shares, as well as a change in the exercise price of the 2017 Warrant to \$1.87 per share, (ii) a change in the exercise price of a second Warrant for 80,000 Pareteum Shares to \$1.87 per share and an extension of the expiration date to 31 August 2021, and (iii) a change in the exercise price of a third 2017 Warrant for 40,000 Pareteum Shares to \$1.87 per share and extension of the expiration date to 31 August 2021. Further, the provisions contained in all of the 2017 Warrants granting Saffelberg anti-dilution protection, and re-pricing and cashless exercise provisions were also removed pursuant to the 2017 Notes Agreement.

#### *October 2017 Placement Agreement*

On 5 October 2017, Pareteum entered into a placement agency agreement (the “**Placement Agreement**”) with Dawson James Securities, Inc. (the “**Placement Agent**”), as the placement agent, on a best-efforts basis, with respect to a registered public offering of up to 1,495,000 Pareteum Shares at a price per share of \$1.05. The offering was conducted as shelf takedown off of Pareteum’s registration statement on Form S-3 (File No. 333-213575). The Placement Agreement contains customary representations, warranties and agreements. Pareteum also agreed to indemnify the Placement Agent against certain liabilities.

#### *October 2017 Share Exchange Agreement*

On 16 October 2017, Pareteum entered into a share exchange agreement (the “**Exchange Agreement**”) with Artidium. Pursuant to the Exchange Agreement, Artidium agreed to issue and deliver to Pareteum an aggregate of 27,695,177 of its newly issued Artidium Shares in exchange for 3,200,332 restricted Pareteum Shares. The Artidium Shares issued to Pareteum constituted approximately 8% of Artidium’s issued and outstanding capital stock at the time of issue.

#### *November 2017 Underwriting Agreement*

On 6 November 2017, Pareteum entered into an underwriting agreement with Dawson James Securities, Inc. (“**Dawson**”), as underwriter, pursuant to which, among other things, Pareteum



agreed to issue and sell to Dawson, and Dawson agreed to purchase from Pareteum, in an underwritten public offering, an aggregate of (a) 13,043,478 Pareteum Shares, and (b) five-year warrants to purchase an aggregate 6,521,739 Pareteum Shares at an exercise price of \$1.05 per share (the “**November 2017 Warrants**” and, collectively with the Pareteum Shares, the “**Closing Securities**”). To the extent that the purchase of Pareteum Shares would cause the beneficial ownership of a purchaser in the offering, together with its affiliates and certain related parties, to exceed 4.99% of the Pareteum Shares, Pareteum agreed to issue Dawson, for delivery to such purchasers, in lieu of the Pareteum Shares, shares of Pareteum’s newly designated Series B Convertible Preferred Stock (the “**Series B Preferred Stock**”), which are convertible on a 1-for-1,000 basis into Pareteum Shares. The Closing Securities were offered at a public offering price of \$0.92 per Pareteum Share and November 2017 Warrant.

#### *December 2017 Securities Purchase Agreement*

On 1 December 2017, Pareteum entered into a securities purchase agreement (the “**Purchase Agreement**”) with select accredited investors relating to a registered direct offering, issuance and sale of an aggregate of 7,151,146 Pareteum Shares, at a purchase price of \$0.92 per share. Concurrently, Pareteum sold to the same investors, in a private placement, five-year warrants to purchase an aggregate of 7,151,146 Pareteum Shares.

The Pareteum Shares were issued pursuant to Pareteum’s previously filed and effective Registration Statement on Form S-3 that was filed with the Securities and Exchange Commission on 9 September 2016, as amended 21 October 2016 and 10 November 2016, and declared effective 14 November 2016 (File No. 333-213575). Pareteum filed a prospectus supplement related to the registered direct offering dated 1 December 2017.

#### *May 2018 Securities Purchase Agreement*

On 9 May 2018, Pareteum entered into a securities purchase agreement with select accredited investors relating to a registered direct offering, issuance and sale of an aggregate of 2,440,000 Pareteum Shares, at a purchase price of \$2.50 per share.

The gross proceeds to Pareteum from the offering, before deducting Pareteum’s estimated offering expenses, were approximately \$6,100,000.

## **12. Offer related arrangements**

### **(a) Confidentiality Agreement**

Pareteum and Artilium entered into the Confidentiality Agreement dated 31 January 2018 pursuant to which each party has undertaken to keep confidential information relating to the other and not to disclose it to third parties (other than to permitted disclosees) unless required by law or regulation. It may be terminated by either party upon 30 days prior written notice, with all confidentiality obligations remaining in force for a period of 3 years from the date of such termination.

### **(b) Co-operation Agreement**

Pareteum and Artilium have entered into the Co-operation Agreement, pursuant to which Pareteum and Artilium have agreed to certain undertakings to co-operate and provide each other with reasonable information, assistance and access in relation to the filings, submissions and notifications to be made in relation to the regulatory clearances and authorisations that are required in connection with the Acquisition. Pareteum and Artilium have also agreed to provide each other with reasonable information, assistance and access for the preparation of certain parts of Pareteum’s Proxy Statement.

Pareteum has agreed to certain limited restrictions on its conduct of business in respect of material matters pending the Acquisition becoming Effective. Artilium is expressly permitted to issue to finnCap on the day of the Court Hearing (but conditional on the grant of the order of the Court sanctioning the Scheme) 767,297 Artilium Shares (in part payment of finnCap’s fee).

The Co-operation Agreement records Pareteum's and Artilium's intention to implement the Acquisition by way of the Scheme, subject to the ability of Pareteum to proceed by way of a Takeover Offer which is subject to obtaining the consent of the Panel, if required.

The Co-operation Agreement shall be terminated with immediate effect if Pareteum and Artilium so agree in writing. In addition, the Co-operation Agreement shall be terminated if, inter alia (i) written notice is served by or on behalf of Pareteum or Artilium where a Condition becomes incapable of satisfaction or is invoked so as to cause the Acquisition not to proceed, (ii) the Scheme is withdrawn or lapses (other than where such lapse or withdrawal is a result of the exercise of a right to switch to a Takeover Offer), (iii) the Scheme does not become Effective by the Long Stop Date, (iv) the Artilium Recommending Directors withdraw, adversely modify or adversely qualify their recommendation of the Acquisition, or (v) the Pareteum Directors withdraw, adversely modify or adversely qualify their recommendation of the Pareteum Stockholder Resolution.

The Co-operation Agreement also contains provisions that will apply in respect of the Artilium Management Options.

(c) **Artilium Executive Directors**

*Bart Weijermars (Executive Director)*

Bart Weijermars is an Executive Director of Artilium. Bart has extensive experience in the telecommunications industry, with over 20 years' experience in board positions of international operators in Europe, including the role of CEO of T-Mobile in the Netherlands. As a commercial director for T-Mobile in Macedonia and the Netherlands, eircom in Ireland and KPN Mobile in the Netherlands, Bart has experience of successfully introducing new business models for growth and value creation.

*Rupert Hutton (Chief Financial Officer)*

Rupert Hutton is the Chief Financial Officer of Artilium. Rupert has over 20 years of finance and management experience, with particular expertise in the technology and software industry. Rupert previously spent 12 years as finance director of Atlantic Global plc and is currently also CFO of AIM-listed SaaS Cyber Security provider Osirium Technologies Plc. Rupert holds a Masters of Business Administration and is a Fellow of the Association of Chartered Certified Accountants.

(d) **Artilium Non-Executive Directors**

*Jan Paul Menke (Chairman and Non-Executive Director)*

Jan Paul Menke is the Non-Executive Chairman of Artilium. Jan Paul began his career at ABN Amro NV, where he was an equity research analyst and later an equity sales specialist on the Dutch institutional equity sales desk. In 2004, he left ABN Amro to help set up Hoving and Partners Sa, an independent asset management firm, where he is an Executive Director.

*Gerard Dorenbos (Non-Executive Director)*

Gerard Dorenbos is a Non-Executive Director of Artilium. Gerard has been the Managing Director of Comsys Holdings BV since 1983.

**13. Ratings and Outlooks**

(a) **Artilium**

There are no current public ratings or outlook accorded to Artilium by any rating agencies.

(b) **Pareteum**

There are no current public ratings or outlook accorded to Pareteum by any rating agencies.

#### 14. Service Contracts and Remuneration

Save as disclosed below, there are no service contracts in force between any Artilium Director or proposed director of Artilium and Artilium or any of its subsidiaries and no such contract has been entered into or amended during the six months preceding the date of this document:

(a) **Artilium Executive Directors**

*Bart Weijermars (Executive Director)*

Bart Weijermars is engaged as an executive director and the Chief Executive Officer of Artilium pursuant to a consultancy agreement effective as of 1 July 2014 (as amended on 30 May 2016 and 1 July 2017) entered into by Grootzande Management BV ("**Grootzande**"), represented by Mr Weijermars, and Artilium.

Grootzande is entitled to receive fixed consideration of EUR 200,000 per annum on submission of the relevant invoices, a car allowance of up to EUR 1,500 and reimbursement of reasonable business expenses. Grootzande is entitled to a bonus established by Artilium's remuneration committee and subject to the achievement of performance targets.

The consultancy agreement is terminable by either party on written notice. The notice period that must be given by Artilium is six months (plus one additional month's notice for each complete year performed) (which period shall in no event exceed nine months). The notice period that must be given by Grootzande is two months. There is a provision contained in the consultancy agreement for early termination of the agreement by payment of a sum in lieu of notice equal to the fixed consideration to which Grootzande would have been entitled to receive during the notice period. In the event of termination of the agreement (provided termination is not immediate for cause), the bonus will be assessed at the date of termination, and if appropriate targets have been met or are expected to be met, upon the absolute discretion of Artilium, may be paid pro rata for the relevant period.

Grootzande acknowledged and agreed on 7 June 2018 that Grootzande's option over 18,666,087 Artilium Shares would vest and become exercisable in full on completion of the Acquisition (the entitlement to which option subsisted by virtue of performance targets being met in accordance with the terms of the consultancy agreement, and which option would ordinarily vest and become exercisable in three equal annual tranches subject to certain performance conditions being met).

On 8 May 2018, Grootzande, represented by Mr Weijermars, and Pareteum entered into a management services agreement pursuant to which Mr Weijermars would serve as Chief Executive Officer of Pareteum Europe subject to the acquisition by Pareteum of no less than 90 per cent. of the entire issued and to be issued share capital of Artilium.

Under the management services agreement, Mr Weijermars will be entitled to a base salary of EUR 240,000 per annum, reimbursement of reasonable expenses, and a bonus (at the sole discretion of Pareteum's Executive Chairman) of EUR 120,000 per annum subject to the achievement of performance targets. Mr Weijermars will be eligible to participate in Pareteum's long-term employee stock option incentive plan (the award and its amount being contingent on, amongst other things, performance).

The management services agreement is terminable by either party on 12 months' notice. There is a provision for early termination of the agreement by payment in lieu of notice equal to the base salary Mr Weijermars would have been entitled to receive during the notice period. In addition, Mr Weijermars may also be placed on garden leave for all or part of such notice period.

On 7 June 2018, the management services agreement was amended such that Mr Weijermars will be issued 536,271 Pareteum Shares subject to and on completion of the Acquisition or as soon as practicable thereafter.

*Rupert Hutton (Chief Financial Officer)*

Rupert Hutton is appointed as Chief Financial Officer pursuant to a service agreement dated 1 July 2017.

Mr Hutton is entitled to an initial salary of £62,500 per annum, an additional £385 per day in respect of each full day worked beyond the two and a half days each week contracted in the agreement, a car allowance of £4,000 per year pro rata, and reimbursement of reasonable expenses. Artilium has absolute discretion to pay Mr Hutton a bonus determined by Artilium's remuneration committee and subject to the achievement of performance targets.

The service agreement is terminable by either party on three months' written notice (plus one additional month's notice for each complete year performed) (which period shall in no event exceed five months). There is a provision contained in Mr Hutton's service agreement for early termination of the agreement by payment of a sum in lieu of notice equal to the salary and benefits (including bonus) to which Mr Hutton would have been entitled to receive during the notice period. Mr Hutton may also be placed on garden leave after notice of termination has been served by either party.

Mr Hutton acknowledged and agreed on 7 June 2018 that:

- (i) his option over 5,490,027 Artilium Shares with an exercise price of 5p per share would, on completion of the Acquisition, be exercisable to the extent it has vested and, to the extent it is not already vested, it may vest on such terms and for such period as determined by the Artilium Board at its absolute discretion (the entitlement to which option subsisted by virtue of performance targets being met in accordance with the terms of the service agreement, and which option would ordinarily vest and become exercisable in three equal annual tranches subject to his continued employment with Artilium and certain performance conditions being met); and
- (ii) in respect of his nil cost option to acquire Artilium Shares on a change of control of Artilium (such shares having a market value of £25,000 as at the date of the change of control), on completion of the Acquisition, the Artilium Board may determine how and when the nil-cost option may be satisfied, whether by way of cash bonus in lieu of Artilium Shares or in such other form as Artilium may determine.

(b) **Artilium Non-Executive Directors**

*Jan Paul Menke (Chairman and Non-Executive Director)*

Jan Paul Menke is appointed as a Non-Executive Director of Artilium pursuant to an appointment letter dated 25 October 2011. He was appointed for an initial three year term from 25 October 2011, with the continuance of his directorship subject to approval by Artilium shareholders at each Artilium annual general meeting. Mr Menke is entitled to an annual fee of EUR 25,000 (which amount has since been increased to EUR 75,000) plus reasonable expenses. Mr Menke's letter of appointment provides that, in the event Artilium is subject to a takeover bid pursuant to which Mr Menke's appointment is terminated, he will be entitled to compensation of 50 per cent. of his annual fee (in addition to any accrued fees).

Mr Menke's appointment is terminable by either party on six months' written notice. There is a provision contained in Mr Menke's letter of appointment for early termination of the appointment by payment of a sum in lieu of notice equal to the fees which Mr Menke would have otherwise received during the notice period.

On 6 June 2018, Mr Menke confirmed that he would receive Artilium Shares in consideration for past services provided by him, which number would depend, amongst other things, on the value of the offer by Pareteum for each Artilium Share pursuant to the Acquisition.

Mr Menke is entitled to receive a proportion of his annual fee in Artilium Shares, and will receive 302,628 Artilium Shares prior to the Scheme Record Time in respect of fees payable for services previously provided.

*Gerard Dorenbos (Non-Executive Director)*

Gerard Dorenbos is appointed as a Non-Executive Director of Artilium pursuant to an appointment letter dated 25 October 2011. He was appointed for an initial three year term from 1 October 2015, with the continuance of his directorship subject to approval by Artilium shareholders at each Artilium annual general meeting. He is entitled to an annual fee of EUR 20,000 payable in shares plus reasonable expenses. Mr Dorenbos' letter of appointment

provides that, in the event Artilium is subject to a takeover bid pursuant to which Mr Dorenbos' appointment is terminated, he will be entitled to compensation of 50 per cent. of his annual fee (in addition to any accrued fees).

Mr Dorenbos' appointment is terminable by either party on six months' written notice. There is a provision contained in Mr Dorenbos' letter of appointment for early termination of the appointment by payment of a sum in lieu of notice equal to the fees which Mr Dorenbos would have otherwise received during the notice period.

On 6 June 2018, Mr Dorenbos confirmed that he would receive Artilium Shares in consideration for past services provided by him, which number would depend, amongst other things, on the value of the offer by Pareteum for each Artilium Share pursuant to the Acquisition.

Mr Dorenbos will be allotted 86,851 Artilium Shares prior to the Scheme Record Time in respect of fees payable for services previously provided.

## 15. Other Information

- (a) Except as disclosed at paragraph 4 of Part 1 (*Letter from the Chairman of Artilium*) in respect of the Management Arrangement, no agreement, arrangement or understanding (including any compensation arrangement) exists between Pareteum or any concert party of Pareteum and any of the directors, recent directors, shareholders or recent shareholders of Artilium or any person interested or recently interested in shares of Artilium having any connection with or dependence on the Acquisition.
- (b) Except as disclosed in this document, no agreement, arrangement or understanding of whatever nature whether formal or informal (including indemnity or option arrangements) relating to relevant securities which may be an inducement to deal or refrain from dealing exists between Artilium or any concert party of Artilium and any other person.
- (c) The emoluments of the Pareteum Directors will not be affected by the acquisition of Artilium or by any other associated transaction.
- (d) Except as disclosed in this document, there is no agreement, arrangement or understanding by which any securities acquired in pursuance of the Acquisition will be transferred to any other person, but Pareteum reserves the right to transfer any such shares to any member of the Pareteum Group.
- (e) finnCap, Jefferies and Squar Milner have each given and not withdrawn their consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear. In addition, each of Jefferies and Squar Milner has given and not withdrawn its written consent to the inclusion of its report on the Pareteum Standalone 2018 Profit Forecasts and the Quantified Financial Benefits Statements in the form and context in which it is included.
- (f) Save in respect of the Management Arrangement, no management incentivisation arrangements, as envisaged by Rule 16.2 of the Takeover Code, are proposed in connection with the Acquisition.

## 16. Fees and Expenses

Pareteum estimates that the aggregate fees and expenses expected to be incurred by Pareteum in connection with the Acquisition will be approximately \$5,930,000 (excluding applicable VAT). Set out below are the estimates of fees and expenses (excluding applicable VAT) expected to be incurred in relation to:

	<i>Approximately in \$</i>
financial and corporate broking advice	4,000,000
legal advice	1,380,000
accounting advice	30,000
public relations advice	20,000
other professional services	260,000
other costs and expenses	240,000



Artilium estimates that the aggregate fees and expenses expected to be incurred by Artilium in connection with the Acquisition will be approximately £544,500 (excluding applicable VAT), plus 767,297 Artilium Shares. Set out below are the estimates of fees and expenses (excluding applicable VAT) expected to be incurred in relation to:

	<i>Approximately in £</i>
financial and corporate broking advice	£185,000, plus 767,297 Artilium Shares
legal advice	£315,000
accounting advice	£25,500
other professional services	£19,000

## **17. Documents**

Copies of the following documents are available, subject to any restrictions relating to persons resident in certain jurisdictions, at [www.artilium.com/investors](http://www.artilium.com/investors) and [www.pareteum.com/investors](http://www.pareteum.com/investors) respectively until the Effective Date:

- (a) this document, including the Forms of Proxy;
- (b) the articles of association of Artilium;
- (c) the draft of the articles of association of Artilium in the form as proposed to be amended by the Resolutions;
- (d) the constitutional documents of Pareteum;
- (e) the Confidentiality Agreement;
- (f) the Co-operation Agreement;
- (g) the Management Services Agreement;
- (h) the irrevocable undertakings from the Artilium Directors to vote in favour of the Acquisition referred to in paragraph 9(a) above;
- (i) the irrevocable undertakings from the Artilium Shareholders to vote in favour of the Acquisition referred to in paragraph 9(b) above;
- (j) the Artilium Annual Report and Accounts;
- (k) the audited consolidated accounts of Artilium for the financial year ended 30 June 2016;
- (l) the unaudited consolidated interim results of Artilium dated 27 March 2018;
- (m) the audited consolidated financial statements of Pareteum for the last two financial years (ending 31 December 2016 and 31 December 2017);
- (n) the unaudited consolidated interim results of Pareteum for the quarter years ended 31 March 2018 and 30 June 2018; and
- (o) the written consents (and reports on the Pareteum Standalone 2018 Profit Forecasts and the Quantified Financial Benefits Statement) referred to in paragraph 15(e) above.

The content of the websites referred to in this document is not incorporated into and does not form part of this document.

Artilium Shareholders, persons with information rights and any other person to whom a copy of this document has been sent will not automatically be sent a copy of any document incorporated into this document by reference. Artilium will, however, upon written or oral request of any such person, provide without charge a copy of any documents incorporated by reference into this document. Exhibits to documents incorporated by reference into this document or documents referred to in documents incorporated by reference into this document are not incorporated into and do not form part of this document and, accordingly, will not be provided unless they are specifically incorporated by reference into this document.

Hard copies of any such documents may be requested by contacting Neville Registrars at Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD or by telephone on 0121 585 1131 from within the UK or on +44 121 585 1131 if calling from outside the UK, with your full name and the full address to which the hard copy may be sent (and it may be requested that all future documents, announcements and information in relation to the Acquisition shall be sent in hard copy form). Calls to the helpline from outside the UK will be charged at the applicable international rates. Different charges may apply to calls made from mobile telephones. Please note that calls may be recorded and randomly monitored for security and training purposes and Neville Registrars cannot provide legal, tax or financial advice or advice on the merits of the Scheme.

Dated: 20 August 2018

## PART 7

### DESCRIPTION OF THE PARETEUM SHARES

#### Summary of rights attaching to the Pareteum Shares

The New Pareteum Shares to be issued in connection with the Acquisition will be issued credited as fully paid and free from all Encumbrances and will rank pari passu in all respects with the existing issued Pareteum Shares and will carry the right to receive all dividends and other distributions when, as and if declared by the Pareteum board of directors on or after the Effective Date or by reference to a record date on or after the Effective Date (in each case whether or not wholly or partly in respect of a period which precedes the Effective Date).

Subject to preferential rights with respect to any then outstanding preferred stock, all outstanding Pareteum Shares are of the same class and have equal rights and attributes. The following is a summary of the rights, preferences and restrictions attaching to Pareteum Shares.

#### 1. Dividend rights

Holders of the Pareteum Shares may receive dividends when, as and if declared by the Pareteum Board out of the assets legally available for that purpose and subject to the preferential dividend rights of any other classes or series of stock of Pareteum. Pareteum has never paid, and currently has no plans to pay, any dividends on Pareteum Shares.

#### 2. Voting rights

Holders of the Pareteum Shares are entitled to one vote per share in all matters as to which holders of Pareteum Shares are entitled to vote. Holders of not less than a majority of the outstanding shares of Pareteum Shares entitled to vote at any meeting of stockholders constitute a quorum unless otherwise required by law.

#### 3. Election of directors

Pareteum Directors hold office until the next annual meeting of stockholders and are eligible for re-election at such meeting. Directors are elected by a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors, except that if the number of director nominees exceeds the number of directors to be elected, directors are elected by a plurality of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. There is no cumulative voting for directors.

#### 4. Liquidation

In the event of any liquidation, dissolution or winding up of Pareteum, holders of the Pareteum Shares have the right to receive ratably and equally all of the assets remaining after payment of liabilities and liquidation preferences of any preferred stock then outstanding.

#### 5. Redemption

The common stock is not redeemable or convertible and does not have any sinking fund provisions.

#### 6. Pre-emption rights

Holders of the common stock do not have pre-emptive rights.

#### 7. Other rights

The Pareteum Shares are not liable to further calls or to assessment by Pareteum and for liabilities of Pareteum imposed on its stockholders under state statutes.

## **8. Bylaws**

The Pareteum Board has the power to adopt, amend or repeal the bylaws of Pareteum. Bylaws adopted by the board of directors may be repealed or changed, and new bylaws made, by the stockholders, and the stockholders may prescribe that any bylaw made by them shall not be altered, amended or repealed by the Pareteum Board.

## **9. Change in Control**

Provisions of Delaware law and Pareteum's certificate of incorporation and bylaws could make the acquisition of Pareteum by means of a tender offer, proxy contest or otherwise, and the removal of incumbent officers and directors, more difficult. These provisions include:

- section 203 of the Delaware General Corporation Law, which prohibits a merger with a 15%-or-greater stockholder, such as a party that has completed a successful tender offer, until three years after that party became a 15%-or-greater stockholder; and
- the authorization in Pareteum's certificate of incorporation of undesignated preferred stock, which could be issued without stockholder approval in a manner designed to prevent or discourage a takeover.

Together, these provisions may make the removal of management more difficult and may discourage transactions that could otherwise involve payment of a premium over prevailing market prices for Pareteum Shares.

## **10. Market, Symbol and Transfer Agent**

The Pareteum Shares are listed for trading on the NYSE American under the symbol "TEUM". The transfer agent and registrar for the Pareteum Shares is Continental Stock Transfer and Trust Company.

## PART 8

### SOURCES OF INFORMATION AND BASES OF CALCULATION

In this document, unless otherwise stated, or the context otherwise requires, the following sources and bases of calculation have been used:

#### Historical financial information

1. Historical financial information relating to Pareteum has been extracted or derived (without material adjustment) from (i) the audited consolidated financial statements of Pareteum for the relevant periods, prepared in accordance with U.S. GAAP; and (ii) the unaudited consolidated interim results of Pareteum for the relevant periods.
2. Historical financial information relating to Artilium has been extracted or derived (without material adjustment) from the financial statements of Artilium contained in (i) the Artilium Annual Report and Accounts; (ii) the audited consolidated accounts of Artilium for the financial year ended 30 June 2016; and (iii) the unaudited consolidated interim results of Artilium dated 27 March 2018.

#### Details calculated by reference to the last Business Day prior to the Rule 2.7 Announcement

3. As at the close of business on 6 June 2018, being the last Business Day prior to the date of the Rule 2.7 Announcement, Artilium had in issue 354,891,582 Artilium Shares. The International Securities Identification Number for Artilium Shares is GB00B1L7NQ30.
4. The issued and to be issued share capital of Artilium (being 399,109,292 Artilium Shares) is calculated on the basis of:
  - the number of issued Artilium Shares referred to in paragraph 3 above; and
  - 44,217,710 Artilium Shares which may be issued to satisfy the exercise of options (assuming all outstanding options are exercised to the maximum extent permissible and are not cancelled), payment of share based remuneration in lieu of cash bonuses, deferred consideration for acquisitions, loan interest payments in shares and shares to be issued to advisers as consideration for services rendered.
5. The implied offer price on 6 June 2018, being the last Business Day prior to the date of the Rule 2.7 Announcement, of 19.55 pence per Artilium Share is calculated by multiplying the exchange ratio of 0.1016 New Pareteum Shares per Artilium Share by the closing market price of Pareteum Shares of US\$2.33 on the last Business day prior to the Rule 2.7 Announcement, converting the result into £ at a £:\$ fx rate of 1.3413 (being the exchange rate as derived from Bloomberg as of close of business on 6 June 2018), and then adding 1.9p, being the cash consideration per Artilium Share.
6. The value of Artilium's entire issued and to be issued ordinary share capital implied by the terms of the Acquisition on 6 June 2018, being the last Business Day prior to the date of the Rule 2.7 Announcement, is based on the issued and to be issued share capital of Artilium (as referred to in paragraph 4 above) multiplied by the implied offer price (as referred to in paragraph 5 above).

#### Details calculated by reference to the Last Practicable Date

7. As at the close of business on the Last Practicable Date, Artilium had in issue 355,154,922 Artilium Shares (which included 27,695,177 Artilium Shares owned by Pareteum) and Pareteum had in issue 60,263,228 Pareteum Shares (which included 3,200,332 Pareteum Shares owned by Artilium (to be cancelled on completion of the Acquisition) and 13,969,737 dilutive securities). The International Securities Identification Number for Artilium Shares is GB00B1L7NQ30 and for Pareteum Shares is US69946T2078. As at the close of business on the Last Practicable Date, the Pareteum Shares in issue carried the right to cast 60,263,228 votes in total.



8. The issued and to be issued share capital of Artilium (being 399,109,292 Artilium Shares) is calculated on the basis of:
  - the number of issued Artilium Shares referred to in paragraph 7 above; and
  - 43,954,370 Artilium Shares which may be issued to satisfy the exercise of options (assuming all outstanding options are exercised to the maximum extent permissible and are not cancelled), payment of share based remuneration in lieu of cash bonuses, deferred consideration for acquisitions and shares to be issued to advisers as consideration for services rendered.
9. The enlarged issued share capital of the Combined Group (being 94,914,972 Pareteum Shares) has been calculated as the sum of:
  - a total number of 60,263,228 Pareteum Shares, being the number of Pareteum Shares in issue as at the close of business on the Last Practicable Date; plus
  - 37,314,805 New Pareteum Shares which would be issued under the terms of the Scheme (as referred to in paragraph 10 below), plus 537,271 New Pareteum Shares to be issued under the Management Arrangement; minus
  - the 3,200,332 Pareteum Shares currently held by Artilium.
10. The number of New Pareteum Shares to be issued under the Scheme (being 37,314,805) is based on Artilium's issued and to be issued ordinary share capital of 399,109,292 (as referred to in paragraph 8 above), minus the 27,695,177 Artilium Shares owned by Pareteum, and on the basis that the 23,583,917 Artilium Shares that are subject to the Artilium Management Options, that are expected to vest on the approval of the Court Order, will be cancelled and instead 1,975,257 New Pareteum Shares will be issued to the holders of the Artilium Management Options in satisfaction of such Artilium Management Options.
11. The implied offer price of 22.27 pence per Artilium Share is calculated by multiplying the exchange ratio of 0.1016 New Pareteum Shares per Artilium Share by the closing market price of Pareteum Shares of US\$2.55 on the Last Practicable Date, converting the result into £ at a £:\$ fx rate of 1.2716, and then adding 1.9p, being the cash consideration per Artilium Share.
12. The value of Artilium's entire issued and to be issued ordinary share capital implied by the terms of the Acquisition is based on the issued and to be issued share capital of Artilium (as referred to in paragraph 8 above) multiplied by the implied offer price (as referred to in paragraph 11 above).

#### **Other points**

13. Unless otherwise stated, all prices for Artilium Shares and Pareteum Shares are Closing Prices as of the relevant date.
14. The enlarged issued share capital of the Combined Group on a fully diluted basis (being 108,884,709 Pareteum Shares) has been calculated on the basis of the enlarged issued share capital of the Combined Group, being 94,914,972 Pareteum Shares (as referred to in paragraph 9 above), plus the 13,969,737 Pareteum dilutive securities referred to in paragraph 7 above.
15. The percentage of the enlarged issued share capital of the Combined Group that will be owned by Artilium Shareholders is calculated by dividing the number of New Pareteum Shares to be issued pursuant to the terms of the Acquisition referred to in paragraph 10 plus 537,271 New Pareteum Shares to be issued under the Management Arrangement by the enlarged issued share capital of the Combined Group (as set out in paragraph 9 above) and multiplying the resulting amount by 100 to produce a percentage.
16. The percentage of the enlarged issued share capital of the Combined Group that will be owned by Pareteum shareholders is calculated by dividing the 60,263,228 existing Pareteum Shares less the 3,200,332 Pareteum Shares owned by Artilium referred to in paragraph 7 by the enlarged issued share capital of the Combined Group (as set out in paragraph 9 above) and multiplying the resulting amount by 100 to produce a percentage.

17. The percentage of the enlarged issued share capital of the Combined Group on a fully diluted basis that will be owned by Artilium shareholders is calculated by dividing the number of New Pareteum Shares to be issued pursuant to the terms of the Acquisition referred to in paragraph 10 plus 537,271 New Pareteum Shares to be issued under the Management Arrangement by the enlarged issued share capital of the Combined Group on a fully diluted basis (as set out in paragraph 14 above) and multiplying the resulting amount by 100 to produce a percentage.
18. The percentage of the enlarged issued share capital of the Combined Group on a fully diluted basis that will be owned by Pareteum shareholders is calculated by dividing the 60,263,228 existing Pareteum Shares (plus 13,969,737 dilutive securities) less the 3,200,332 Pareteum Shares owned by Artilium referred to in paragraph 9 by the enlarged issued share capital of the Combined Group on a fully diluted basis (as set out in paragraph 14 above) and multiplying the resulting amount by 100 to produce a percentage.
19. The premium calculations to the price of an Artilium Share have been calculated by reference to implied offer price of 22.27 pence per Artilium Share referred to in paragraph 11 above and:
  - the Closing Price of an Artilium Share of 16.5 pence on 6 June 2018, being the last Business Day prior to the date of the Rule 2.7 Announcement;
  - the one calendar month volume weighted average price of an Artilium Share of 16.44 pence, from 6 May 2018 to 6 June 2018 (6 June 2018 being the last Business Day prior to the date of the Rule 2.7 Announcement);
  - the three calendar month volume weighted average price of an Artilium Share of 15.03 pence, from 6 March 2018 to 6 June 2018 (6 June 2018 being the last Business Day prior to the date of the Rule 2.7 Announcement); and
  - the Closing Price of an Artilium Share of 8.25 pence on 13 October 2017 (being the last Business Day prior to the date of Artilium's announcement of its strategic alliance with Pareteum).
20. Unless otherwise stated, all prices, volume weighted averages and closing prices for Artilium Shares and Pareteum Shares are derived from data provided by Bloomberg.
21. Unless otherwise stated, all amounts converted from GBP to USD and vice versa are converted based on the exchange rate of GBP 1 = USD 1.2716 as at 5.00 p.m. on the Last Practicable Date derived from Bloomberg.
22. The statement that the Acquisition represents an implied Enterprise Value/LTM Revenue 31 December 2017 multiple for Artilium of 4.3x is calculated by dividing the implied Enterprise Value of the Acquisition of £70.63m by Artilium's pro forma Revenue for the twelve months ended 31 December 2017 of £16.54m. The Enterprise Value of the Acquisition is based on the fully diluted share capital of Artilium of 399,109,292 (as per paragraph 8 above) multiplied by the implied offer price (as per paragraph 11 above), plus total debt of £0.73m as at 31 December 2017, minus cash of £2.56m as at 31 December 2017, minus £5.56m, being the value of Artilium's investment in Pareteum as at the Last Practicable Date. Artilium's pro forma revenue for the twelve months ended 31 December 2017 is stated pro forma for the Interactive Digital Media GmbH acquisition and is converted into £ at €:£ fx rate of 1.1409 which represents the average exchange rate for 2017.
23. Based on Pareteum Non-GAAP earnings per share for the financial year ended 31 December 2019 and onwards. Non-GAAP EPS excludes stock compensation expense, amortization of intangible assets, restructuring charges, acquisition, integration, other one-time items and their related income tax effect. The statement that the Acquisition is expected to be earnings accretive is not intended as a profit forecast and should not be construed as such, and is not subject to the requirements of Rule 28 of the Takeover Code. The statement should not be interpreted to mean that the earnings per share in any future financial period will necessarily match or be greater than those for the relevant preceding financial period.
24. Pro-forma based on management estimates. Artilium financials calendarized to 31 December and excluding impact of purchase accounting adjustments. Pareteum FY2018 revenue estimate of \$24.0m. Artilium FY2018 estimate of \$25.0m. Artilium financials converted into USD at Pareteum's long-term business plan rate of USD:EUR = 0.8000.

## PART 9

### DEFINITIONS

The following definitions apply throughout this document, other than in the Scheme set out in Part 4 (*The Scheme of Arrangement*) of this document and in the notices of the Artilium Shareholder Meetings, unless the context requires otherwise:

<b>“Acquisition”</b>	the proposed acquisition by Pareteum of the issued and to be issued share capital of Artilium that it does not already own pursuant to the Scheme (or pursuant to the Takeover Offer under certain circumstances as set out in this document) on the terms and subject to the Conditions set out in this document and, where the context admits, any subsequent revision, variation, extension or renewal thereof
<b>“Admission”</b>	the admission of the New Pareteum Shares to the NYSE American
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for companies and the AIM Rules for Nominated Advisers issued by the London Stock Exchange from time to time relating to AIM traded securities and the operation of AIM
<b>“Artilium”</b>	Artilium plc, a company incorporated in England and Wales with registered number 3904535
<b>“Artilium Annual Report and Accounts”</b>	the annual report and accounts of Artilium for the year ended 30 June 2017
<b>“Artilium Articles”</b>	the articles of association of Artilium in force from time to time
<b>“Artilium Board”</b>	the Artilium Directors collectively
<b>“Artilium Directors”</b>	the directors of Artilium from time to time
<b>“Artilium Forecasts”</b>	has the meaning given to that term in the Appendix ( <i>Profit Forecasts and Quantified Financial Benefits Statements</i> ) to this document
<b>“Artilium Group”</b>	Artilium and its subsidiaries and subsidiary undertakings from time to time and, where the context admits, any of them
<b>“Artilium Independent Shareholders”</b>	the Artilium Shareholders excluding Bart Weijermars and any person acting in concert or connected with him
<b>“Artilium Information”</b>	all information in this document relating to Artilium, the Artilium Group, the Artilium Directors and their immediate families, related trusts and connected persons and persons acting in concert (as defined in the Takeover Code) with Artilium and the recommendation of the Artilium Recommending Directors, and in each case including all information relating to the foregoing which has been incorporated by reference into this document
<b>“Artilium Management Options”</b>	the options over ordinary shares of 5p each in the Company granted to Rupert Hutton and Grootzande Management BV on 1 July 2017
<b>“Artilium Recommending Directors”</b>	the Artilium Directors excluding Bart Weijermars and any person acting in concert or connected with him
<b>“Artilium Shareholder Meetings”</b>	together, the Court Meeting and the General Meeting

<b>“Artilium Shareholders”</b>	holders of Artilium Shares, excluding Pareteum
<b>“Artilium Shares”</b>	the ordinary shares of £0.05 each in Artilium
<b>“Artilium Standalone Profit Forecasts”</b>	has the meaning given to that term in the Appendix ( <i>Profit Forecasts and Quantified Financial Benefits Statements</i> ) to this document
<b>“Authorisations”</b>	authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions, determinations, exemptions or approvals
<b>“Blue Proxy Form”</b>	blue Form of Proxy accompanying the Notice of Court Meeting
<b>“Business Day”</b>	a day, other than a Saturday, Sunday, public holiday or bank holiday, on which banks are generally open for normal business in the City of London and New York
<b>“CDI”</b>	a CREST depository interest representing an entitlement to a share
<b>“certificated” or “in certificated form”</b>	a share or other security which is not in uncertificated form (that is, not in CREST)
<b>“Closing Price”</b>	the closing middle market quotation of a share as derived from the daily official list of the London Stock Exchange or from the NYSE American (as applicable)
<b>“CMA”</b>	the UK Competition and Markets Authority, being the body responsible for investigating mergers, market shares and conditions and the regulation of firms under UK competition law created by the Enterprise and Regulatory Reform Act 2013
<b>“CMA Phase 2 Reference”</b>	a reference of the Acquisition to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
<b>“Combined Group”</b>	the Pareteum Group (including the Artilium Group) following the Effective Date
<b>“Combined Projections”</b>	has the meaning given to that term in the Appendix ( <i>Profit Forecasts and Quantified Financial Benefits Statements</i> ) to this document
<b>“Companies Act”</b>	the UK Companies Act 2006, as amended
<b>“Conditions”</b>	the conditions to the Acquisition set out in Part 3 ( <i>Conditions to and further terms of the Acquisition</i> ) of this document and “Condition” means such one or more of them as the context may require
<b>“Confidentiality Agreement”</b>	the confidentiality agreement entered into between Pareteum and Artilium dated 31 January 2018
<b>“Co-operation Agreement”</b>	the co-operation agreement entered into between Pareteum and Artilium dated 7 June 2018
<b>“Court”</b>	the High Court of Justice in England and Wales
<b>“Court Hearing”</b>	the hearing by the Court to sanction the Scheme and, if such hearing is adjourned, references to the commencement of any such hearing shall mean the commencement of the final adjournment thereof

<b>“Court Meeting”</b>	the meeting of Scheme Shareholders to be convened at the direction of the Court pursuant to Part 26 of the Companies Act to consider, and if thought fit, approve the Scheme (with or without amendment), including any adjournment, postponement or reconvention thereof
<b>“Court Order”</b>	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act
<b>“Court Sanction Date”</b>	the date on which the Court Order is made
<b>“CREST”</b>	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations)
<b>“CREST Manual”</b>	the CREST manual referred to in agreements entered into by Euroclear
<b>“CREST Proxy Instructions”</b>	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in place of an Artilium Shareholder in the Court Meeting and/or the General Meeting and containing the information required to be contained in the CREST Manual
<b>“Dealing Disclosure”</b>	an announcement pursuant to Rule 8 of the Takeover Code containing details of dealings in interests in relevant securities of a party to an offer
<b>“Disclosed”</b>	<p>in the case of Artilium: (i) matters fairly disclosed in the information made available to Pareteum (or Pareteum’s advisers) in the data room established by Artilium for the purposes of the Acquisition; (ii) information fairly disclosed in writing by or on behalf of Artilium to Pareteum prior to 7 June 2018 in relation to the Acquisition; (iii) information included in the Artilium Annual Report and Accounts; (iv) information disclosed in a public announcement to a RIS made by Artilium prior to 7 June 2018; or (v) disclosed in the Rule 2.7 Announcement;</p> <p>in the case of Pareteum: (i) matters fairly disclosed in the information made available to Artilium (or Artilium’s advisers) in the data room established by Pareteum for the purposes of the Acquisition; (ii) information fairly disclosed in writing by or on behalf of Pareteum to Artilium prior to 7 June 2018 in relation to the Acquisition; (iii) information included in the annual report and accounts of the Pareteum Group for the financial year ended 31 December 2017; (iv) information disclosed in a public announcement made by Pareteum prior to 7 June 2018; or (v) disclosed in the Rule 2.7 Announcement</p>
<b>“DTC”</b>	Depositary Trust Company
<b>“EBITDA”</b>	earnings before interest, tax, depreciation and amortisation
<b>“Effective”</b>	in the context of the Acquisition: (a) if the Acquisition is implemented by way of a Scheme, the Scheme having become effective in accordance with its terms, upon the delivery of the Court Order to the Registrar of Companies; or (b) if the Acquisition is implemented by way of a Takeover Offer, the Takeover Offer having been declared or become unconditional in all respects in accordance with the requirements of the Takeover Code
<b>“Effective Date”</b>	the date upon which: (a) the Scheme becomes Effective; or (b) if Pareteum elects and the Panel consents to implement the



	Acquisition by way of a Takeover Offer, the Takeover Offer becomes Effective
<b>“Encumbrances”</b>	liens, charges, equitable interests, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature
<b>“EPS”</b>	earnings per share
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited), a company incorporated under the laws of England and Wales with registered number 02878738
<b>“Excluded Shares”</b>	(i) any Artilium Shares legally or beneficially held by Pareteum or any member of the Pareteum Group; or (ii) any Treasury Shares
<b>“Explanatory Statement”</b>	the explanatory statement (in compliance with Part 26 of the Companies Act) relating to the Scheme, as set out in Part 2 ( <i>Explanatory Statement</i> ) of this document
<b>“FCA”</b>	the Financial Conduct Authority or its successor from time to time
<b>“FCA Handbook”</b>	the FCA’s Handbook of rules and guidance as amended from time to time
<b>“finnCap”</b>	finnCap Ltd
<b>“Forms of Proxy”</b>	the Blue Proxy Form and the White Proxy Form both of which accompany this document and a “Form of Proxy” means either of them as the context requires
<b>“General Meeting”</b>	the general meeting of Artilium Shareholders (and any adjournment, postponement or reconvention thereof) convened for the purposes of considering and, if thought fit, approving, inter alia, the Resolutions required to implement the Scheme
<b>“Governmental Entity”</b>	any supranational, national, state, municipal, local or foreign government, any instrumentality, subdivision, court, arbitrator or arbitrator panel, regulatory or administrative agency or commission, or other authority thereof, or any regulatory or quasi-regulatory organisation or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs
<b>“Initial Stock Options”</b>	the initial stock options over Pareteum Shares to be awarded to Bart Weijermars in accordance with the terms of the Management Services Agreement
<b>“Jefferies”</b>	Jefferies International Limited
<b>“Last Practicable Date”</b>	16 August 2018
<b>“London Stock Exchange”</b>	London Stock Exchange plc, together with any successors thereto
<b>“Long Stop Date”</b>	31 January 2019 or such later date as Pareteum and Artilium may, with the consent of the Panel and, if required, the Court, agree
<b>“Management Arrangement”</b>	the arrangements set out in the Management Services Agreement

<b>“Management Company”</b>	Grootzande Management BV of Park Leeuwensteijn 4, 2272 AC Voorburg, The Netherlands, registered KvK 55703755, of which Bart Weijermars is the principal
<b>“Management Services Agreement”</b>	the management services agreement entered into by Pareteum and the Management Company on 8 May 2018 (and amended on 7 June 2018)
<b>“Merger Regulation”</b>	Council Regulation (EC) No 139/2004
<b>“Neville Registrars”</b>	Neville Registrars Limited
<b>“New Pareteum Shares”</b>	the Pareteum Shares which are issued in connection with the Acquisition
<b>“NYSE American”</b>	NYSE American LLC, an exchange owned by the Intercontinental Exchange, Inc
<b>“Offer Consideration”</b>	the consideration to be delivered by Pareteum for each Scheme Share held by Scheme Shareholders at the Scheme Record Time, being, in respect of each Scheme Share so held, (i) 1.9 pence in cash and (ii) 0.1016 New Pareteum Shares, subject to provisions relating to fractional entitlements and Restricted Overseas Holders set out in the Scheme and Part B ( <i>Certain further terms of the Acquisition</i> ) of Part 3 ( <i>Conditions to and further terms of the Acquisition</i> ) of this document
<b>“Offer Period”</b>	the offer period commencing on 7 June 2018 and ending on the date on which the Acquisition becomes Effective, lapses or is withdrawn (or such other date as the Panel may decide)
<b>“Opening Position Disclosure”</b>	an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position
<b>“Overseas Holders”</b>	Artium Shareholders (or nominees of, or custodians or trustees for, such Artium Shareholders) not resident in, or nationals or citizens of, the United Kingdom
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Pareteum”</b>	Pareteum Corporation, a company incorporated in the State of Delaware, USA
<b>“Pareteum Board”</b>	the Pareteum Directors collectively
<b>“Pareteum CDI”</b>	a CREST depository interest representing an entitlement to a New Pareteum Share
<b>“Pareteum Directors”</b>	the directors of Pareteum from time to time
<b>“Pareteum Forecasts”</b>	has the meaning given to that term in the Appendix ( <i>Profit Forecasts and Quantified Financial Benefits Statements</i> ) to this document
<b>“Pareteum Group”</b>	Pareteum and its subsidiaries and subsidiary undertakings from time to time and, where the context admits, any of them
<b>“Pareteum Shares”</b>	the common stock of \$0.00001 par value each in the capital of Pareteum
<b>“Pareteum Standalone 2018 Profit Forecasts”</b>	has the meaning given to that term in the Appendix ( <i>Profit Forecasts and Quantified Financial Benefits Statements</i> ) to this document

<b>“Pareteum Standalone Extended Profit Forecasts”</b>	has the meaning given to that term in the Appendix ( <i>Profit Forecasts and Quantified Financial Benefits Statements</i> ) to this document
<b>“Pareteum Stockholders”</b>	the holders of Pareteum Shares from time to time
<b>“Pareteum Stockholder Resolution”</b>	a resolution for the approval of the issuance of the New Pareteum Shares in relation to the Acquisition by a majority of votes cast on such resolution at the Stockholder Meeting, as required by the rules of the NYSE American
<b>“Pareteum Stock Option Plan”</b>	Pareteum’s 2017 Long-Term Incentive Compensation Plan or such future successor long-term incentive compensation plan as Pareteum has in place, from time to time
<b>“Pareteum Transfer Agent”</b>	Continental Stock Transfer & Trust Company, One State Street Plaza, 30th Floor, New York, NY 10004-1561, United States of America
<b>“Pounds”, “pence”, “sterling” and “£”</b>	the lawful currency of the United Kingdom
<b>“Profit Forecast/QFBS Announcement”</b>	the joint announcement by Pareteum and Artilium dated 6 August 2018
<b>“Proxy Statement”</b>	the proxy statement on Schedule 14A sent by Pareteum to Pareteum Stockholders summarising the background to and reasons for the Acquisition, which includes a notice convening the Stockholder Meeting
<b>“Quantified Financial Benefits Statements”</b>	has the meaning given to that term in the Appendix ( <i>Profit Forecasts and Quantified Financial Benefits Statements</i> ) to this document
<b>“Receiving Agent”</b>	Neville Registrars Limited
<b>“Registrar of Companies”</b>	the Registrar of Companies in England and Wales
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
<b>“Regulatory Information Service”</b>	a regulatory information service as defined in the FCA Handbook
<b>“Resolutions”</b>	the special and ordinary resolutions to be proposed at the General Meeting in connection with, amongst other things, the approval of the Scheme, the approval of the Management Arrangement, the amendment of Artilium’s Articles and such other matters as may be necessary to implement the Scheme
<b>“Restricted Jurisdiction”</b>	any jurisdiction where local laws or regulations may result in significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to Artilium Shareholders in that jurisdiction (in accordance with the Notes on Rule 30.4 of the Takeover Code)
<b>“Restricted Overseas Holders”</b>	in respect of any New Pareteum Shares or Pareteum CDIs, an Overseas Holder who has not, by or prior to the Scheme Record Time been able to satisfy Artilium and Pareteum in their absolute discretion, that the receipt of New Pareteum Shares or Pareteum CDIs pursuant to the Acquisition is exempt from or not subject to the registration or other legal or regulatory requirements or restrictions of the relevant jurisdiction
<b>“Rule 2.7 Announcement”</b>	the announcement in respect of the Acquisition made in accordance with Rule 2.7 of the Takeover Code on 7 June 2018

<b>“Scheme”</b>	the proposed scheme of arrangement under Part 26 of the Companies Act to effect the Acquisition between Artilium and the Scheme Shareholders, with or subject to any modification, addition or condition which Pareteum and Artilium may agree, and, if required, the Court may approve or impose
<b>“Scheme Record Time”</b>	the time and date set out in this document, expected to be 6.00 p.m. on the Court Sanction Date
<b>“Scheme Shareholders”</b>	holders of Scheme Shares
<b>“Scheme Shares”</b>	<p>the Artilium Shares:</p> <ul style="list-style-type: none"> <li>(i) in issue at the date of this document;</li> <li>(ii) (if any) issued after the date of this document and prior to the Voting Record Time; and</li> <li>(iii) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time in respect of which the original or any subsequent holder thereof is bound by the Scheme or shall by such time have agreed in writing to be bound by the Scheme,</li> </ul> <p>in each case other than any Excluded Shares</p>
<b>“SEC”</b>	the US Securities and Exchange Commission or any successor agency thereto
<b>“Squar Milner”</b>	Squar Milner LLP, in its capacity as Pareteum’s reporting accountants
<b>“Stockholder Meeting”</b>	a meeting of Pareteum Stockholders to be convened to approve certain matters in connection with the Acquisition and, if thought fit, pass the Pareteum Stockholder Resolution, including any adjournments, postponement or reconvention thereof
<b>“subsidiary”, “subsidiary undertaking” and “undertaking”</b>	shall be construed in accordance with the Companies Act
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers issued by the Panel, as amended from time to time
<b>“Takeover Offer”</b>	should the Acquisition be implemented by way of a takeover offer as defined in section 974 of the UK Companies Act 2006, the offer to be made by or on behalf of Pareteum to acquire the entire issued and to be issued ordinary share capital of Artilium and, where the context requires, any subsequent revision, variation, extension or renewal of such offer
<b>“Third Party”</b>	each of a central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, professional or investigative body or authority (including any antitrust or merger control authority), court, trade agency, professional association, institution, works council, employee representative body or any similar body or person whatsoever in any jurisdiction
<b>“Treasury Shares”</b>	any Artilium Shares which are for the time being held by Artilium as treasury shares (within the meaning of the Companies Act)
<b>“uncertificated” or “in uncertificated form”</b>	in relation to a share or other security, a share or other security which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and

	title to which, by virtue of the Regulations, may be transferred by means of CREST
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “US” or “USA”</b>	the United States of America, its territories and possessions, any State of the United States of America and District of Columbia
<b>“US Exchange Act”</b>	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
<b>“US Securities Act”</b>	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
<b>“US Shareholder”</b>	an Artium Shareholder resident or located in the United States
<b>“VAT”</b>	value added tax and/or any similar sales or turnover tax imposed in any jurisdiction
<b>“Volume Weighted Average Price”</b>	the volume weighted average of the per share trading prices of Artium Shares on the London Stock Exchange as reported through FactSet
<b>“Voting Record Time”</b>	10.00 p.m. on 12 September 2018 or if the Court Meeting and/or General Meeting is adjourned, 10.00 p.m. on the second calendar day before the date of the relevant adjourned meeting
<b>“White Proxy Form”</b>	the white Form of Proxy accompanying the Notice of General Meeting
<b>“Wider Artium Group”</b>	Artium, its subsidiary undertakings, and any other body corporate, partnership, joint venture or person in which Artium and/or such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent
<b>“Wider Pareteum Group”</b>	Pareteum, its parent undertakings and its and such parent undertakings’ subsidiary undertakings and any other body corporate, partnership, joint venture or person in which Pareteum and/or such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent
<b>“€” or “EUR”</b>	Euro, the lawful currency of the countries within the currency union of the European Union
<b>“USD”, “US\$”, “\$” or “cents”</b>	US dollar, the lawful currency of the United States of America

Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Any phrase introduced by the terms ‘including’, ‘include’, ‘in particular’ or any similar expression is to be construed as illustrative only and does not limit the sense of the words preceding those terms.

All times referred to are London time unless otherwise stated.

## PART 10

### NOTICE OF COURT MEETING

#### ARTILIUM PLC

IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF  
ENGLAND AND WALES  
COMPANIES COURT (ChD)

No. CR-2018-006367

IN THE MATTER OF ARTILIUM PLC

AND

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that by a Court Order dated 16 August 2018 made in the above matters, the Court has given permission for a Meeting (the “**Court Meeting**”) to be convened of the holders of Scheme Shares as at the Voting Record Time (each as defined in the Scheme of Arrangement hereinafter mentioned) for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement proposed to be made pursuant to Part 26 of the Companies Act 2006 between (i) Artilium plc (“**Artilium**” or the “**Company**”) and (ii) the holders of Scheme Shares (as defined in the Scheme of Arrangement mentioned below) and that the Court Meeting will be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG on 14 September 2018 at 11.00 a.m. at which place and time all Scheme Shareholders (as defined in the Scheme of Arrangement mentioned below) are requested to attend (save that Securities Services Nominees Limited shall not vote those Scheme Shares that it holds as nominee for either Bart Weijermars or Grootzande Beheer BV (the beneficial owner of which is Bart Weijermars) at the Court Meeting, but shall nonetheless be bound by the Scheme of Arrangement).

**A copy of the Scheme of Arrangement and a copy of the Explanatory Statement required to be furnished pursuant to Part 26 of the Companies Act 2006 are incorporated in the document of which this Notice forms part.**

The Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person, whether or not a member of Artilium, as their proxy to attend and vote in their stead. Voting will be by poll, which shall be conducted as the Chairman of the Court Meeting may determine.

A BLUE Form of Proxy for use at the Court Meeting is enclosed with this Notice.

Completion and return of a Form of Proxy will not prevent a Scheme Shareholder from attending and voting at the Court Meeting.

In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members of Artilium in respect of the joint holding.

**It is requested that forms appointing proxies (together with any power of attorney or other authority under which the proxy form is signed, or a notarially certified copy of such power of attorney) be returned to Artilium’s registrars, Neville Registrars. For your convenience the Form of Proxy is pre-paid (if posted within the UK) and addressed to Neville Registrars. If you wish you may use your own envelope and return the Form of Proxy by post or deliver it (during normal business hours) by hand to Neville Registrars at Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD not later than 48 hours before the time appointed for the Court Meeting i.e. by 11.00 a.m. on 12 September 2018 or, in the case of any adjournment, not later than 48 hours before the time appointed for the adjourned Court Meeting, but if forms are not so returned they may be handed to a representative of Neville Registrars or the Chairman of the Court Meeting at the Court Meeting before the taking of the poll. Proxies may also be submitted electronically at [www.sharegateway.co.uk](http://www.sharegateway.co.uk) using the**



**shareholder's personal proxy registration code as shown on the Form of Proxy, so as to be received by not later than 48 hours before the time appointed for the Court Meeting, or, in the case of any adjournment, 48 hours before the time appointed for the adjourned Court Meeting.**

CREST members who wish to appoint a proxy or proxies through the CREST Proxy Voting service may do so for the Court Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **"CREST Proxy Instruction"**) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (**"Euroclear"**) and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) not later than 48 hours before the time appointed for the Court Meeting i.e. by 11.00 a.m. on 12 September 2018 or, in the case of any adjournment, not later than 48 hours before the time appointed for the adjourned Court Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Artillum may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

As an alternative to appointing a proxy, any Scheme Shareholder which is a corporation may appoint one or more corporate representatives who may exercise on its behalf all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share.

Only those holders of Scheme Shares registered in the register of members of Artillum as at 10.00 p.m. on 12 September 2018 or, in the event that the Court Meeting is adjourned, in the register of members at 10.00 p.m. on the second calendar day before the day of any adjourned meeting shall be entitled to attend or vote in respect of the number of shares registered in their name at the relevant time. Changes to entries in the register of members of Artillum after 10.00 p.m. on 12 September 2018 or, in the event that the Court Meeting is adjourned, after 10.00 p.m. on the second calendar day before the day of any adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the Court Meeting.

By Court Order, the Court has appointed Jan Paul Menke or, failing him, Bart Weijermars or, failing him, any other Artillum Director to act as Chairman of the Court Meeting and has directed the Chairman to report the result of the Court Meeting to the Court.

The Scheme of Arrangement will be subject to the subsequent approval of the Court.

DATED: 20 August 2018

Addleshaw Goddard LLP  
Milton Gate  
60 Chiswell Street  
London EC1Y 4AG

Solicitors for Artillum

## GUIDANCE NOTES FOR COMPLETION OF THE BLUE PROXY FORM AND ELECTRONIC PROXY VOTING

The guidance notes set out below should be read in conjunction with the Blue Proxy Form or if you are proposing to register the appointment of a proxy for the Court Meeting electronically:

1. To be entitled to attend and vote at the meeting (and for the purpose of the determination by Artium of the votes they may cast), shareholders must be registered in the register of members of Artium as at 10.00 p.m. on 12 September 2018 or, in the event that the meeting is adjourned, in the register of members at 10.00 p.m. on the second calendar day before the date of any adjourned meeting. Changes to entries on the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting or any adjourned meeting.
2. Scheme Shareholders entitled to attend and vote at the Court Meeting are entitled to appoint one or more proxies to attend, to speak and to vote in their place. If you wish to appoint more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by you. If you wish to appoint a proxy please use the Blue Proxy Form enclosed with this Notice of Court Meeting. In the case of joint shareholders, only one need sign the Blue Proxy Form. The vote of the senior joint shareholder will be accepted to the exclusion of the votes of the other joint shareholders. For this purpose, seniority will be determined by the order in which the names of the shareholders appear in the register of members of Artium in respect of the joint shareholding. The completion and return of the Blue Proxy Form will not stop you from attending and voting in person at the Court Meeting should you wish to do so and are so entitled. A proxy need not be a shareholder of Artium.
3. You can appoint the Chairman of the Court Meeting, or any other person, as your proxy. If you wish to appoint someone other than the Chairman, insert the name of your appointee in the appropriate box, initial and strike out the words 'the Chairman of the Court Meeting' situated below the box.
4. If you do not specify the name of your appointee in the relevant box, the Chairman will be appointed as your proxy. You can instruct your proxy how to vote on the resolution by signing in the appropriate box.

If you are appointing a proxy in relation to less than your full voting entitlement, please enter in the box at the bottom of the form the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if the Blue Proxy Form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).

To appoint more than one proxy, please contact Artium's registrars, Neville Registrars, on 0121 585 1131 from within the UK or, if calling from outside the UK, on +44 121 585 1131. The helpline is open from 9.00 a.m. to 5.00 p.m. Monday to Friday (excluding bank holidays). Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls made from mobile telephones. The helpline cannot provide advice on the merits of the Scheme nor give any financial, legal, tax or investment advice. Please also indicate by placing an "x" in the box provided if the proxy instruction is one of multiple instructions being given. All Blue Proxy Forms must be signed and should be returned together in a single envelope, rather than posted separately. Any alteration to the Blue Proxy Form must be initialled by the person who signs the Blue Proxy Form.

5. Alternatively, shareholders are given the option to register the appointment of a proxy for the Court Meeting electronically via [www.sharegateway.co.uk](http://www.sharegateway.co.uk) using the shareholder's personal proxy registration code as shown on the Form of Proxy. If you want to appoint more than one proxy electronically then please contact Artium's registrars, Neville Registrars on 0121 585 1131 from within the UK or, if calling from outside the UK, on +44 121 585 1131. The helpline is open from 9.00 a.m. to 5.00 p.m. Monday to Friday (excluding bank holidays). Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls made from mobile telephones. The helpline cannot provide advice on the merits of the Scheme nor give any financial, legal, tax or investment advice.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic appointment service for the Court Meeting and any adjournment(s) thereof may do so by using the procedures described in the CREST Manual (available at [www.euroclear.com](http://www.euroclear.com)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK and Ireland Limited’s specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID 7RA11) by the latest time for receipt of proxy appointments specified below. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Artium may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

**We request that all messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, be transmitted so as to be received by the issuer’s agent (ID 7RA11) by no later than 11.00 a.m. on 12 September 2018.**

7. A corporation should execute the Blue Proxy Form under its common seal or otherwise in accordance with section 44 of the Companies Act 2006 (as amended) or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be enclosed with the Blue Proxy Form.

As an alternative to appointing a proxy, any Scheme Shareholder which is a corporation may appoint one or more corporate representatives who may exercise on its behalf all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share.

8. **We request that the Blue Proxy Form and any power of attorney (or a notarially certified copy thereof) under which it is executed (if the proxy is to be appointed by submission of a hard copy of the Blue Proxy Form) be received by Neville Registrars by no later than 11.00 a.m. on 12 September 2018. For your convenience the Blue Proxy Form is pre-paid (if posted within the UK) and addressed to Neville Registrars. If you wish you may use your own envelope and return the Blue Proxy Form by post to Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD or (during normal business hours) by hand to Neville Registrars at Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD. Alternatively, the Blue Proxy Form may be handed to a representative of Neville Registrars or the Chairman of the Court Meeting at the Court Meeting before the taking of the poll. On completing the Blue Proxy Form, detach it, sign it and return it to Neville Registrars Limited using the pre-paid envelope. Postage has been pre-paid from within the UK. If sending from outside the UK, the correct postage will need to be applied.**

You may, if you prefer, return the Blue Proxy Form in a sealed stamped envelope to the address referred to above.

9. **Other than the appointment of a proxy through CREST (see note above), we request that electronic proxy voting instructions be submitted via [www.sharegateway.co.uk](http://www.sharegateway.co.uk) by no later than 11.00 a.m. on 12 September 2018. You will need your personal proxy registration code which is shown on the Form of Proxy. Any electronic communication sent by a shareholder that is found to contain a computer virus will not be accepted.**
10. You may not use any electronic address provided in either the Notice of Court Meeting or any related documents (including the Blue Proxy Form) to communicate with Artium for any purpose other than those expressly stated.
11. Voting on the resolution at this meeting will be conducted by poll rather than a show of hands.

## PART 11

### NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Artilium plc (the “**Company**”) will be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG on 14 September 2018 at 11.15 a.m. (or as soon thereafter as the meeting of Scheme Shareholders (as defined in the Scheme) of the Company convened by direction of the Court for the same place and date shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions each of which will either be proposed as a special resolution or ordinary resolution as indicated below.

#### SPECIAL RESOLUTIONS

THAT:

1. for the purpose of giving effect to the scheme of arrangement dated 20 August 2018 (the “**Scheme**”) between the Company and the holders of the Scheme Shares (as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman hereof, in its original form or subject to such modification, addition or condition agreed between the Company and Pareteum Corporation (“**Pareteum**”) and approved or imposed by the Court the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
2. for the purpose of giving effect to the Scheme, with effect from the passing of this resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new article 59 after article 58:

#### “59 SCHEME OF ARRANGEMENT

59.1 In this Article 59:

(A) references to the “Scheme” are to the scheme of arrangement dated 20 August 2018 between the Company and the holders of Scheme Shares under Part 26 of the Companies Act 2006 in its original form or with or subject to any modification, addition or condition agreed by the Company and Pareteum Corporation (“**Pareteum**”), which expression includes any other name which Pareteum may adopt from time to time and which the Court may approve or impose;

(B) “Effective” means, in the context of the Acquisition, the Scheme having become effective in accordance with its terms, upon the delivery of the Court Order to the Registrar of Companies;

(C) “Artilium Management Options” means the options over ordinary shares of 5p each in the Company granted to Rupert Hutton and Grootzande Management BV on 1 July 2017; and

(D) save as defined in this Article 59, expressions defined in the Scheme shall have the same meanings where used in this Article 59.

59.2 Notwithstanding any other provision of these Articles, if the Company issues any ordinary shares or transfers any ordinary shares from treasury to any person (other than to Pareteum or its nominees) on or after the adoption of these Articles and on or prior to the Scheme Record Time, such shares shall be subject to the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holders of such shares shall be bound by the Scheme accordingly.

59.3 Notwithstanding any other provision of these Articles, if any ordinary shares are issued by the company to any person after the Scheme Record Time other than to Pareteum or its nominee(s) (the “**New Member**”), such New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder), provided the Scheme has become Effective, will be obliged to immediately transfer all the ordinary shares in the

Company held by the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) (the “**Disposal Shares**”) to Pareteum and/or its nominee(s) (as Pareteum may direct) (the “**Purchaser**”) who shall be obliged to acquire all of the Disposal Shares. The consideration payable by the Purchaser shall be the consideration that would have been payable for Scheme Shares under the Scheme (as it may be amended or modified in accordance with its terms) if each Disposal Share were a Scheme Share).

- 59.4 On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation), the value of the consideration per Disposal Share to be paid under Article 59.3 shall be adjusted by the Directors in such manner as an independent investment bank selected by the Company may determine to be fair and reasonable to the New Member to reflect such reorganisation or alteration. References in this Article 59 to ordinary shares in the Company shall, following such adjustment, be construed accordingly.
- 59.5 Any New Member may, prior to the issue or transfer of any Disposal Shares to him or her under one of the Artilium Management Options, give not less than two Business Days’ written notice to the Company of his or her intention to transfer some or all of such Disposal Shares to his or her spouse or civil partner and may, if such notice has been validly given, on such Disposal Shares being issued to him or her immediately transfer to his or her spouse or civil partner any such Disposal Shares, provided that such Disposal Shares will then be immediately transferred from that spouse or civil partner to the Purchaser pursuant to Article 59.3 above as if the spouse or civil partner were the relevant New Member.
- 59.6 To give effect to any transfer required by this Article 59, the Company may appoint any person as attorney or agent for the New Member to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) in favour of the Purchaser and do all such other things and execute and deliver all such documents as may in the opinion of the attorney or agent be necessary or desirable to vest the Disposal Shares in the Purchaser and pending such vesting to exercise all such rights to the Disposal Shares as the Purchaser may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that the agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Disposal Shares unless so agreed by the Purchaser. The Company may give good receipt for the purchase price of the Disposal Shares and may register the Purchaser as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for any Disposal Shares.
- 59.7 Notwithstanding any other provision of these Articles, neither the Company nor the directors of the Company shall register the transfer of any Scheme Shares effected between the Scheme Record Time and the Effective Date other than to Pareteum or its nominee(s) pursuant to the Scheme.”; and
3. subject to and conditional on the Scheme becoming Effective, pursuant to the provisions of section 97 of the Companies Act 2006, the company be re-registered as a private company under the name of “Artilium Group Limited” with effect from the date approved by the Registrar of Companies.



## ORDINARY RESOLUTION

THAT:

4. the management arrangement in respect of Bart Weijermars as set out in: (i) the management services agreement entered into on 8 May 2018 by Pareteum and Grootzande Management BV of Park Leeuwensteijn 4, 2272 AC Voorburg, The Netherlands, registered KvK 55703755, of which Bart Weijermars is the principal; and (ii) the section titled "Summary of the Management Arrangement" in paragraph 4 of Part 1 (*Letter from the Chairman of Artiliium*) despatched to (amongst others) the Scheme Shareholders containing, amongst other things, this Notice of General Meeting, be and are hereby approved.

Neither Bart Weijermars nor any person acting in concert with him or any person connected with him shall be entitled to vote in respect of this resolution 4 pursuant to Rule 16.2 of the City Code on Takeovers and Mergers.

Registered Office:  
9-13 St Andrew Street,  
London EC4A 3AF

By order of the Board  
**Jan Cant**  
*Company Secretary*

Dated 20 August 2018

## **GUIDANCE NOTES FOR COMPLETION OF THE WHITE PROXY FORM AND ELECTRONIC PROXY VOTING**

The guidance notes set out below should be read in conjunction with the White Proxy Form or if you are proposing to register the appointment of a proxy electronically:

1. To be entitled to attend and vote at the meeting (and for the purpose of the determination by Artidium of the votes they may cast), shareholders must be registered in the register of members of Artidium as at 10.00 p.m. on 12 September 2018 or, in the event that the meeting is adjourned, not later than 10.00 p.m. on the date two calendar days before the date set for the adjourned meeting. Changes to entries on the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting or any adjourned meeting.
2. Shareholders entitled to attend and vote at the General Meeting are entitled to appoint one or more proxies to attend, to speak and to vote in their place. If you wish to appoint more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by you. If you wish to appoint a proxy please use the White Proxy Form enclosed with this Notice of General Meeting. In the case of joint shareholders, only one need sign the White Proxy Form. The vote of the senior joint shareholder will be accepted to the exclusion of the votes of the other joint shareholders. For this purpose, seniority will be determined by the order in which the names of the shareholders appear in the register of members in respect of the joint shareholding. The completion and return of the White Proxy Form will not stop you from attending and voting in person at the General Meeting should you wish to do so and are so entitled. A proxy need not be an Artidium shareholder.
3. You can appoint the chairman of the General Meeting, or any other person, as your proxy. If you wish to appoint someone other than the chairman, insert the name of your appointee in the appropriate box, initial, and strike out the words 'Chairman of the General Meeting' situated below the box.
4. If you do not specify the name of your appointee in the relevant box, the chairman will be appointed as your proxy. You can instruct your proxy how to vote on the resolutions by placing an "x" in the "For" or "Against" boxes as appropriate. If you wish to abstain from voting please place an "x" in the box which is marked "Withheld". It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.

If you are appointing a proxy in relation to less than your full voting entitlement, please enter in the relevant box the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this White Proxy Form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).

To appoint more than one proxy, please contact Artidium's registrars, Neville Registrars on 0121 585 1131 from within the UK or, if calling from outside the UK, on +44 121 585 1131. The helpline is open from 9.00 a.m. to 5.00 p.m. Monday to Friday (excluding bank holidays). Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls made from mobile telephones. The helpline cannot provide advice on the merits of the Scheme nor give any financial, legal, tax or investment advice. Please indicate in the relevant box the number of shares in respect of which they are authorised to act as your proxy. Please also indicate by placing an "x" in the box provided if the proxy instruction is one of multiple instructions being given. All White Proxy Forms must be signed and should be returned together in a single envelope, rather than posted separately. Any alteration to the White Proxy Form must be initialled by the person who signs the White Proxy Form.

5. Any person who is not a member of Artidium, but has been nominated under section 146 of the Companies Act by a member of Artidium (the “**relevant member**”) to enjoy information rights, (the “**nominated person**”) does not have a right to appoint any proxies under note 2 above. A nominated person may have a right under an agreement with the relevant member to be appointed or to have somebody else appointed as a proxy for the meeting. If a nominated person does not have such a right, or has such a right and does not wish to exercise it, he may have a right under an agreement with the relevant member to give instructions as to the exercise of voting rights.
6. As at the Last Practicable Date, Artidium’s share capital consisted of 355,154,922 ordinary shares, carrying one vote each. Therefore, the total voting rights in Artidium as at the Last Practicable Date are 355,154,922.
7. Alternatively, shareholders are given the option to register the appointment of a proxy for the General Meeting electronically via [www.sharegateway.co.uk](http://www.sharegateway.co.uk) using your personal proxy registration code which is shown on the White Proxy Form. This website is operated by Artidium’s registrars, Neville Registrars. Full details of the proxy voting procedure are given on the website and shareholders are advised to read the terms and conditions relating to the use of this facility before appointing a proxy through it. Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged in any way. If you want to appoint more than one proxy electronically then please contact Artidium’s registrars, Neville Registrars on 0121 585 1131 from within the UK or, if calling from outside the UK, on +44 121 585 1131. The helpline is open from 9.00 a.m. to 5.00 p.m. Monday to Friday (excluding bank holidays). Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls made from mobile telephones. The helpline cannot provide advice on the merits of the Scheme nor give any financial, legal, tax or investment advice.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic appointment service for the General Meeting and any adjournment(s) thereof may do so by using the procedures described in the CREST Manual (available at [www.euroclear.com](http://www.euroclear.com)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK and Ireland Limited’s specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID 7RA11) by the latest time for receipt of proxy appointments specified below. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

**All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be transmitted so as to be received by the issuer's agent (ID 7RA11) by no later than 11.15 a.m. on 12 September 2018.**

9. A corporation should execute the White Proxy Form under its common seal or otherwise in accordance with section 44 of the Companies Act or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be enclosed with the White Proxy Form.

As an alternative to appointing a proxy, any Scheme Shareholder which is a corporation may appoint one or more corporate representatives who may exercise on its behalf all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share.

**In order to be effective, the White Proxy Form and any power of attorney (or a notarially certified copy thereof) under which it is executed must (if the proxy is to be appointed by submission of a hard copy of the White Proxy Form) be received by Neville Registrars, no later than 11.15 a.m. on 12 September 2018. For your convenience a pre-paid envelope is provided for use only in the UK or (during normal business hours) by hand to Neville Registrars at Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD no later than 11.15 a.m. on 12 September 2018.**

10. **Other than the appointment of a proxy through CREST (see note above), electronic proxy voting instructions must be submitted via [www.sharegateway.co.uk](http://www.sharegateway.co.uk) by no later than 11.15 a.m. on 12 September 2018. You will need your personal proxy registration code which is shown on the White Proxy Form.** Any electronic communication sent by a shareholder that is found to contain a computer virus will not be accepted.
11. Any member attending the meeting has a right to ask questions. Artidium must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of Artidium or the good order of the meeting that the question be answered.
12. You may not use any electronic address provided in either this Notice of General Meeting or any related documents (including the White Proxy Form) to communicate with Artidium for any purpose other than those expressly stated.
13. Voting on all the resolutions at this meeting will be conducted by poll rather than a show of hands.
14. A copy of this notice, and other information required by section 311A of the Companies Act, can be found at [www.artidium.com/investors](http://www.artidium.com/investors).

## APPENDIX

### PROFIT FORECASTS AND QUANTIFIED FINANCIAL BENEFITS STATEMENTS

Reference is made to pages 45-46 of Pareteum's Proxy Statement (an extract of which is set out below (the "**Extract**")), where certain projections and financial measures of performance (variously covering Adjusted EBITDA, Gross Profit, Net Income, Basic EPS and Diluted EPS) have been published in respect of:

- (a) Pareteum on a standalone basis for the financial year ending 31 December 2018 (labelled "(a)" below, the "**Pareteum Standalone 2018 Profit Forecasts**");
- (b) Pareteum on a standalone basis for the financial years ending 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022 (labelled "(b)" below, the "**Pareteum Standalone Extended Profit Forecasts**");
- (c) Artilium for the 12 month periods ending 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022 (labelled "(c)" below, the "**Artilium Standalone Profit Forecasts**");
- (d) Pareteum and Artilium on a combined basis, for the financial years ending 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022, without reflecting estimated cost synergies or non-cash or other purchase accounting adjustments (labelled "(d)" below, the "**Combined Projections**").

Each of these technically constitute "profit forecasts" for the purposes of Rule 28 of the Code.

EBITDA is a non-GAAP financial measure defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is a non-GAAP measure defined as EBITDA excluding one-time, non-recurring and non-cash items and stock-based compensation expense. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. Artilium's financials were adjusted by Pareteum's management and calendarized to December 31 and converted to U.S. Dollars.

Statements were also included in the Proxy Statement regarding estimated cost synergies arising from the Acquisition (labelled "(e)" below, the "**Quantified Financial Benefits Statements**").

The Pareteum Standalone 2018 Profit Forecasts, Pareteum Standalone Extended Profit Forecasts, Artilium Standalone Profit Forecasts, Combined Projections and Quantified Financial Benefits Statements (together the "**Financial Projections**") were prepared by Pareteum's management in connection with Pareteum's consideration and evaluation of the Acquisition, and in order to provide a basis for discussions (including adjusting for this purpose certain financial measures of performance of Artilium prepared by Artilium), which Pareteum's management provided to the Pareteum Directors and to Jefferies. The Financial Projections were included in Pareteum's Proxy Statement to comply with Pareteum's obligations under US federal and state laws to give Pareteum Stockholders access to certain non-public information that was made available to the Pareteum Board for the purpose of considering and evaluating the Acquisition and to Jefferies for the purposes of performing its financial analyses in connection with rendering its fairness opinion.

The inclusion of this information should not be regarded as an indication that the Pareteum Board, Pareteum, or Jefferies considered, or now considers, the Financial Projections to be material information of Pareteum.

The Financial Projections are subjective in many respects and thus subject to interpretation. While presented with numerical specificity, the Financial Projections reflect numerous estimates and assumptions with respect to industry performance and competition, general business, economic, market and financial conditions and matters specific to Pareteum's and Artilium's respective businesses, all of which are difficult to predict and many of which are beyond Pareteum's or Artilium's control. Many of the assumptions reflected in the Financial Projections are subject to change and none of the Financial Projections reflect revised prospects for Pareteum's or Artilium's respective businesses, changes in general business or economic conditions or any other transaction or event that has occurred

or that may occur and that was not anticipated at the time such financial information was prepared. Pareteum's management has not updated, nor does Pareteum's management intend to update or otherwise revise, the Financial Projections. There can be no assurance that the results reflected in any of the Financial Projections will be realized or that actual results will not materially vary from the Financial Projections. In addition, the Financial Projections cover multiple years and such information by its nature becomes less predictive with each successive year. Therefore, the inclusion of the Financial Projections in the Proxy Statement should not be relied on as necessarily predictive of actual future events nor construed as financial guidance.

Neither Pareteum's nor Artilium's independent registered public accounting firm, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the Pareteum Standalone Extended Profit Forecasts, Artilium Standalone Profit Forecasts or Combined Projections (the "**Unreported Projections**"), nor have they expressed any opinion or any other form of assurance on the Unreported Projections or the achievability of the results reflected in the Unreported Projections, and they assume no responsibility for, and disclaim any association with, the Unreported Projections. The reports referred to below of Squar Milner, as reporting accountants to Pareteum, and Jefferies, as financial adviser to Pareteum, relate to the Pareteum Standalone 2018 Profit Forecasts and Quantified Financial Benefits Statements, and do not extend to the Unreported Projections and should not be read to do so.

Extract:

The following table presents a summary of Financial Projections with respect to Pareteum on a standalone basis:

	<i>Pareteum Financial Projections</i> <i>For the Years Ended December 31</i>				
	<i>2018E</i>	<i>2019E</i>	<i>2020E</i>	<i>2021E</i>	<i>2022E</i>
	<i>(USD in millions)</i>				
Revenue	24.0	43.3	65.3	91.4	123.3
Adjusted EBITDA	4.8 <sup>(a)</sup>	13.0 <sup>(b)</sup>	21.1 <sup>(b)</sup>	32.3 <sup>(b)</sup>	43.6 <sup>(b)</sup>
Pareteum (Standalone Basis)					
Unlevered Free Cash Flow	(4.0) <sup>(1)</sup>	2.8	5.1	11.3	17.0

(1) For the nine-month period April 2018 through December 2018.

The following table presents a summary of Financial Projections with respect to Artilium on a standalone basis:

	<i>Artilium Financial Projections</i> <i>For the Years Ended December 31</i>					
	<i>PF 2017<sup>(1)</sup></i>	<i>2018E</i>	<i>2019E</i>	<i>2020E</i>	<i>2021E</i>	<i>2022E</i>
	<i>(USD in millions)</i>					
Revenue	23.6	25.0	31.6	39.4	46.2	51.9
Adjusted EBITDA	1.3	2.3 <sup>(c)</sup>	4.2 <sup>(c)</sup>	6.9 <sup>(c)</sup>	9.8 <sup>(c)</sup>	12.3 <sup>(c)</sup>
Artilium (Standalone Basis)						
Unlevered Free Cash Flow		(2.0) <sup>(2)</sup>	3.5	2.6	4.9	6.3

(1) Pro forma reflecting the acquisition of Interactive Digital Media GmbH.

(2) For the nine-month period April 2018 through December 2018.

Based on the foregoing estimates for Pareteum and Artilium, Pareteum's management estimated the pro forma FY2018 revenues of the combined company as \$49.0 million, excluding the impact of purchase accounting adjustments.

Pareteum's management also estimated cost synergies of approximately \$4.8 million(e) to result from the Acquisition for the one-year period from the anticipated date of closing. Cost synergies expected to result from the Acquisition include reduced SG&A expenses and headcount reductions.

In addition, Pareteum made a statement in connection with its first quarter 2018 results, which was disclosed as a profit forecast in the Offer Announcement. For information regarding the statement and related assumptions, see Appendix IV to the Offer Announcement, attached as Annex I to this proxy statement.



## Supplemental Illustrative Presentation of Certain Financial Projections

The following table, which was prepared for illustrative purposes in connection with this proxy statement, presents a summary of Financial Projections for the period indicated below with respect to Pareteum and Artilium, each on a standalone basis, and estimated cost synergies and the sum totals of such amounts, based on certain assumptions, including that the Acquisition was completed on January 1, 2018 but without reflecting non-cash or other purchase accounting adjustments:

	<i>Financial Projections</i>			
	<i>For the Year Ended December 31, 2018</i>			
	<i>Pareteum</i>	<i>Artilium</i>	<i>Cost Synergies<sup>(1)</sup></i>	<i>Total</i>
	<i>(USD in millions)</i>			
Revenue	\$24.0	\$25.0		\$49.0
Cost of Goods Sold	(6.7)	(11.1)	0.5	(17.3)
Gross Profit	17.3 <sup>(a)</sup>	13.9 <sup>(c)</sup>	0.5 <sup>(e)</sup>	31.7
Operating Expenses	(20.2)	(13.8)	4.3 <sup>(e)</sup>	(29.7)
Non-Operating Expenses	(0.3)	(0.1)		(0.4)
Net Income	\$(3.2) <sup>(a)</sup>	\$0.0 <sup>(c)</sup>	4.8 <sup>(e)</sup>	\$1.6
Adjusted EBITDA	\$4.8 <sup>(a)</sup>	\$2.3 <sup>(c)</sup>	4.8 <sup>(e)</sup>	\$11.9
Basic EPS	—	—	—	\$0.02
Diluted EPS	—	—	—	\$0.02

(1) Cost synergies include reduced SG&A expenses and headcount reductions.

The following table, which was prepared for illustrative purposes in connection with this proxy statement, presents a summary of Financial Projections for the periods indicated below with respect to Pareteum and Artilium, on a combined basis, without reflecting estimated cost synergies or non-cash or other purchase accounting adjustments:

	<i>Financial Projections</i>			
	<i>For the Years Ended December 31,</i>			
	<i>2019E</i>	<i>2020E</i>	<i>2021E</i>	<i>2022E</i>
	<i>(USD in millions)</i>			
Revenue	\$74.9	\$104.6	\$137.5	\$175.2
Cost of Goods Sold	(26.9)	(37.0)	(47.0)	(58.0)
Gross Profit	48.0 <sup>(d)</sup>	67.6 <sup>(d)</sup>	90.5 <sup>(d)</sup>	117.2 <sup>(d)</sup>
Operating Expenses	(41.7)	(50.5)	(61.8)	(73.0)
Non-Operating Expenses	(2.8)	(8.1)	(13.5)	(14.9)
Net Income	\$3.5 <sup>(d)</sup>	\$9.0 <sup>(d)</sup>	\$15.3 <sup>(d)</sup>	\$29.3 <sup>(d)</sup>
Adjusted EBITDA	\$17.2 <sup>(d)</sup>	\$28.0 <sup>(d)</sup>	\$42.1 <sup>(d)</sup>	\$55.9 <sup>(d)</sup>
Basic EPS	\$0.04 <sup>(d)</sup>	\$0.10 <sup>(d)</sup>	\$0.16 <sup>(d)</sup>	\$0.30 <sup>(d)</sup>
Diluted EPS	\$0.03 <sup>(d)</sup>	\$0.08 <sup>(d)</sup>	\$0.14 <sup>(d)</sup>	\$0.26 <sup>(d)</sup>

### *Reconciliation of Non-GAAP Financial Measures*

The following table, which was prepared for illustrative purposes in connection with this proxy statement, presents a reconciliation of estimated net income for Artilium and Pareteum, on a combined basis taking into account estimated cost synergies but without reflecting non-cash or other purchase accounting adjustments, to estimated adjusted EBITDA for the period indicated below:

	<i>Financial Projections</i>
	<i>For the Year Ended</i>
	<i>December 31,</i>
	<i>2018E</i>
	<i>(USD in millions)</i>
Net Income	\$1.6
Non-operating expense	0.4
Depreciation and amortization	5.2
Stock-based compensation	4.1
Restructuring and one-time expenses	0.6
Adjusted EBITDA	11.9

Basic EPS and Diluted EPS for Pareteum the pro forma year ending 31 December 2018 shown above, were calculated by dividing Total Net Income above (of \$1.8m) by 90,111,775 and 106,629,368 in respect of Basic EPS and Diluted EPS respectively (being the relevant issued share capital and fully diluted share capital figures, respectively, for Pareteum as enlarged by the Acquisition).

## **1. Pareteum Standalone 2018 Profit Forecasts, Pareteum Standalone Extended Profit Forecasts and Combined Projections (so far as they relate to Pareteum)**

### ***Bases of preparation and principal assumptions***

Each of the Pareteum Standalone 2018 Profit Forecasts, Pareteum Standalone Extended Profit Forecasts and Combined Projections (so far as they relate to Pareteum) (together, the "**Pareteum Forecasts**"):

- (a) has been properly compiled on the basis of the assumptions stated below and:
  - (i) in respect of the Pareteum Standalone 2018 Profit Forecasts and Pareteum Standalone Extended Profit Forecasts, on a basis consistent with the accounting policies of the Pareteum Group which are in accordance with U.S. GAAP. These policies are consistent with those applied in the preparation of the Pareteum Group's annual results for the year ended 31 December 2017;
  - (ii) in respect of the Pareteum Standalone 2018 Profit Forecasts, the forecasts were prepared by the Pareteum Directors based on the three months unaudited results to 31 March 2018 and a forecast of the results for the nine-month period ending 31 December 2018;
  - (iii) in respect of the Combined Projections (so far as they relate to Pareteum) it was not appropriate to do so on a basis consistent with the Pareteum Group's accounting policies/U.S. GAAP – and to re-emphasise, they do not reflect estimated cost synergies or non-cash or other purchase accounting adjustments;
- (b) exclude any transaction costs applicable to the Acquisition or any other associated accounting impacts as a direct result of the Acquisition.

The Pareteum Forecasts are based on the following assumptions:

### *Factors outside the influence or control of the Pareteum Directors:*

- There will be no material changes to existing prevailing macroeconomic or political conditions in the markets and regions in which the Pareteum Group operates.
- There will be no material changes to the conditions of the markets and regions in which the Pareteum Group operates or in relation to customer demand or the behaviour of competitors in those markets and regions.
- The interest, inflation and tax rates in the markets and regions in which the Pareteum Group operates will remain materially unchanged from the prevailing rates.
- There will be no material adverse events that will have a significant impact on Pareteum's financial performance.
- There will be no business disruptions that materially affect the Pareteum Group or its key customers, including natural disasters, acts of terrorism, cyber-attack and/or technological issues or supply chain disruptions.
- There will be no material movements in foreign currency exchange rates.
- There will be no material changes in legislation or regulatory requirements impacting on the Pareteum Group's operations or its accounting policies.
- The Scheme will not result in any material changes to Pareteum's obligations to customers.
- The Scheme will not have any material impact on Pareteum's ability to negotiate new business.

*Factors within the influence and control of the Pareteum Directors:*

- Pareteum's current and new contract negotiations will conclude substantially as the Pareteum Directors would reasonably expect based on the Pareteum Group's past experience.
- There will be no material change to the present management of Pareteum.
- There will be no material change in the operational strategy of the Pareteum Group.
- There will be no material acquisitions or disposals.
- There will be no material strategic investments over and above those currently planned.
- The forecast excludes any impact of the Acquisition.
- There will be no unexpected technical or network issues with products or process.

**Pareteum Directors' confirmations**

The Pareteum Directors have considered the Pareteum Standalone Extended Profit Forecasts and Combined Projections (so far as they relate to Pareteum) and confirm that they remain valid as at the date of this document and have been properly compiled on the basis of the assumptions set out above and that, in respect of the Pareteum Standalone Extended Profit Forecasts, the basis of the accounting used is consistent with Pareteum's accounting policies.

The Pareteum Directors have considered the Artilium Forecasts and confirm that the underlying projections (in Euros with a 30 June year-end) have been correctly calendarized to a 31 December year-end and converted to U.S. Dollars at a rate of €1:US\$ 1.25.

**Pareteum Profit Forecast on 7 May 2018**

On 7 May 2018, Pareteum announced its first quarter 2018 results, which included the Pareteum Profit Forecast (as defined and further detailed at Appendix IV of the Rule 2.7 Announcement dated 7 June 2018) ("**Superseded Pareteum Profit Forecast**"). Pareteum is of the opinion that the Superseded Pareteum Profit Forecast is now superseded by the Pareteum Standalone 2018 Profit Forecasts.

**Outlook statements within Pareteum's Second Quarter 2018 results**

The outlook statements related to Pareteum's projected standalone performance in 2018 in the paragraph headed "Raised 2018 Outlook to > 80% Revenue Growth 2018 Outlook" (the "**Outlook Statements**"), included in Pareteum's Second Quarter 2018 results announcement dated 6 August 2018, technically constitute "profit forecasts" for the purposes of Rule 28 of the Takeover Code. The Outlook Statements are however consistent with the Pareteum Standalone 2018 Profit Forecasts.

**Reports on the Pareteum Standalone 2018 Profit Forecasts**

The Pareteum Directors have considered the Pareteum Standalone 2018 Profit Forecasts and confirm that there have been no material changes to them, and they remain valid as at the date of this document. Each of Squar Milner and Jefferies has confirmed that their reports set out in Parts 1A and 1B of the Appendix to the Profit Forecast/QFBS Announcement continue to apply to the Pareteum Standalone 2018 Profit Forecasts.

**2. Quantified Financial Benefits Statements**

***Bases of belief and principal assumptions***

In preparing the Quantified Financial Benefits Statements, a working group comprising senior management from Pareteum (the "**Working Group**") was established to evaluate and assess the potential synergies available for the integration and undertake an initial planning exercise. The Working Group has worked collaboratively to identify and quantify potential synergies as well as estimate any associated costs based on publicly available information, certain operating and financial information provided by Artilium and a series of meetings and/or calls with the key management personnel of Artilium.

In circumstances where the information provided by Artilium has been limited for commercial or other reasons, the Working Group has made estimates and assumptions to aid its development of individual synergy initiatives. The assessment and quantification of the potential synergies have in turn been informed by Pareteum management's industry experience as well as their experience of executing and integrating past acquisitions.

The cost bases used as the basis for the Quantified Financial Benefits Statements are those contained in the Pareteum Standalone 2018 Profit Forecasts and Artilium's cost forecasts for 2018, as calendarized to December 31 and converted to U.S. Dollars. The exchange rate used as the basis for the Quantified Financial Benefits Statements is €1:US\$ 1.25. The quantified synergies are incremental to Pareteum's and to the best of Pareteum's knowledge, Artilium's existing plans, and are expected to be recurring. It is anticipated that the expected financial benefits will accrue as a direct result of the success of the Acquisition and could not be achieved independently of the Acquisition.

It is envisaged that the realisation of the identified synergies will result in non-recurring integration costs of approximately US\$2.9m. Aside from the integration costs, no material dis-synergies are expected in connection with the Acquisition.

The synergy assumptions in respect of Cost of Goods Sold were risk adjusted by the Working Group, exercising a degree of prudence in the calculation of the estimated synergy benefit set out above.

The Quantified Financial Benefits Statements are based on the following assumptions:

- There will be no significant impact on the underlying operations of either Pareteum or Artilium or the ability of either business to win business from their customers.
- There will be no material changes to existing prevailing macroeconomic, political, regulatory or legal conditions in the markets and regions in which either the Pareteum Group or Artilium Group operate that will materially impact on the implementation or costs to achieve the proposed cost savings.
- There will be no material changes to the conditions of the markets and regions in which the Pareteum or Artilium Groups operate or in relation to customer demand or the behaviour of competitors in those markets and regions.
- The interest, inflation and tax rates in the markets and regions in which the Pareteum or Artilium Groups operate will remain materially unchanged from the prevailing rates.
- There will be no material adverse events that will have a significant impact on Pareteum's or Artilium's financial performance.
- There will be no material movements in foreign currency exchange rates.
- There will be no material changes in legislation or regulatory requirements impacting on the Pareteum or Artilium Group's operations or their accounting policies.
- Artilium will be de-listed from the London Stock Exchange.

#### **Notes**

1. These statements of estimated synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. In addition, there may be additional changes to the operations of the combined group. As a result, the estimated synergies referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.
2. The Quantified Financial Benefits Statements should not be construed as a profit forecast or interpreted to mean that the combined group's earnings or earnings per share in the first full year following completion of the Acquisition, or in any subsequent period, would necessarily match or be greater than or be less than those of Pareteum and/or Artilium for the relevant preceding financial period or any other period.
3. For the purposes of Rule 28 of the Takeover Code, the Quantified Financial Benefits Statements are the responsibility of the Pareteum Directors.

### Reports on the Quantified Financial Benefits Statements

The Pareteum Directors have considered the Quantified Financial Benefits Statements and confirm that there have been no material changes to them, and they remain valid as at the date of this document. Each of Squar Milner and Jefferies has confirmed that their reports set out in Parts 2A and 2B of the Appendix to the Profit Forecast/QFBS Announcement continue to apply to the Quantified Financial Benefits Statements.

### 3. Artilium Standalone Profit Forecasts and Combined Projections (so far as they relate to Artilium)

#### *Bases of preparation and principal assumptions*

Each of the Artilium Standalone Profit Forecasts and Combined Projections (so far as they relate to Artilium) (together, the “**Artilium Forecasts**”):

- (a) has been properly compiled on the basis of the assumptions stated below and:
  - (i) in respect of the Artilium Standalone Profit Forecasts, on a basis consistent with the Artilium Group’s accounting policies which are in accordance with IFRS. These policies are consistent with those applied in the preparation of the Artilium Group’s annual results for the year ended 30 June 2017;
  - (ii) in respect of the Combined Projections (so far as they relate to Artilium) it was not appropriate to do so on a basis consistent with the Artilium Group’s accounting policies/IFRS – and to re-emphasise, they do not reflect estimated cost synergies or non-cash or other purchase accounting adjustments;
- (b) exclude any transaction costs applicable to the Acquisition or any other associated accounting impacts as a direct result of the Acquisition;
- (c) have been calendarized to December 31 and converted to U.S. Dollars at a rate of €1:US\$ 1.25.

The Artilium Forecasts are based on the following assumptions:

#### *Factors outside the influence or control of the Artilium Directors:*

- There will be no material changes to existing prevailing macroeconomic or political conditions in the markets and regions in which the Artilium Group operates.
- There will be no material changes to the conditions of the markets and regions in which the Artilium Group operates or in relation to customer demand or the behaviour of competitors in those markets and regions.
- The interest, inflation and tax rates in the markets and regions in which the Artilium Group operates will remain materially unchanged from the prevailing rates.
- There will be no material adverse events that will have a significant impact on Artilium’s financial performance.
- There will be no business disruptions that materially affect the Artilium Group or its key customers, including natural disasters, acts of terrorism, cyber-attack and/or technological issues or supply chain disruptions.
- There will be no material movements in foreign currency exchange rates.
- There will be no material changes in legislation or regulatory requirements impacting on the Artilium Group’s operations or its accounting policies.
- The Scheme will not result in any material changes to Artilium’s obligations to customers.
- The Scheme will not have any material impact on Artilium’s ability to negotiate new business.

*Factors within the influence and control of the Artilium Directors:*

- Artilium's current and new contract negotiations will conclude substantially as the Artilium Directors would reasonably expect based on the Artilium Group's past experience.
- There will be no material change to the present management of Artilium.
- There will be no material change in the operational strategy of the Artilium Group.
- There will be no material acquisitions or disposals.
- There will be no material strategic investments over and above those currently planned.
- The forecast excludes any impact of the Acquisition.
- There will be no unexpected technical or network issues with products or process.

**Artilium Directors' confirmations**

The Artilium Directors have considered the Artilium Forecasts and confirm that the underlying projections (in Euros with a 30 June year-end) remain valid as at the date of this document and have been properly compiled on the basis of the assumptions set out above and that, in respect of the Artilium Standalone Profit Forecasts, the basis of the accounting used is consistent with Artilium's accounting policies.





