

Watchstone Group plc

("Watchstone" or the "Company" or the "Group")

Response to Final Offer

The Board of Watchstone notes the announcement made by Polygon Global Partners LLP ("Polygon") on 31 August 2021, increasing the mandatory cash offer from 34 pence to 38 pence per share for the whole of the issued and to be issued ordinary share capital of Watchstone and declaring it to be a final offer ("the Final Offer").

The Board of Watchstone further notes the low level of acceptances in respect of 631,902 Ordinary Shares (representing 1.37 per cent. of the issued share capital of Watchstone) and that the Offer has been extended until 14 September 2021, the final date for acceptance in the absence of a competing offer.

The Board continues to recommend Shareholders as a whole not to accept the Final Offer. The Directors, who have been so advised by SPARK as to the financial terms of the Final Offer, consider that the Final Offer undervalues Watchstone and its prospects, on the basis of which they unanimously recommend that Shareholders reject the Final Offer. SPARK is providing independent financial advice to the Directors for the purposes of Rule 3 of the Code and, in doing so, has taken into account the commercial assessments of the Directors.

Accordingly, the Directors unanimously recommend to Shareholders that they SHOULD TAKE NO ACTION in relation to the Final Offer and should NOT SIGN ANY DOCUMENT SENT TO THEM BY POLYGON OR ITS ADVISERS.

The Board will be writing to Shareholders in due course.

In the meantime, Shareholders are advised to take no action in respect of the Final Offer.

Capitalised terms in this announcement generally have the same meanings as the definitions contained in the Response Document dated 23 July 2021.

For further information:

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Each of WH Ireland and SPARK are authorised and regulated in the United Kingdom by the Financial Conduct Authority and are acting exclusively for Watchstone and no one else in connection with the Offer and will not be responsible to anyone other than Watchstone for providing the protections afforded to their clients or for providing advice in relation to the Offer, the contents of this document or any other matters referred to in this document.

In accordance with Rule 26.1 of the Takeover Code, a copy of this announcement will be available (subject to certain restrictions) on the Company's website at www.watchstonegroup.com by no later than 12 noon on 1 September 2021. The content of the Company's website is not incorporated into and does not form part of this announcement.

This announcement is not intended to and does not, constitute or form part of an offer, invitation or the solicitation of an offer to purchase, otherwise, acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise.

Dealing and Opening 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 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) 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 p.m. (London time) 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 Takeover Panel's website at 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

Availability of hard copies

You may request hard copies of any document published on Watchstone's website in connection with the Offer by contacting Watchstone's registrars, **Link Group, 10th Floor Central Square, 29 Wellington Street, Leeds, LS1 4DL (telephone number: 0371 664 0300)**. You may also request that all future documents, announcements, and information to be sent to you in relation to the Offer should be in hard copy form.