NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF THAT JURISDICTION.

THIS LETTER AND THE ACCOMPANYING FORM OF INSTRUCTION ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

The contents of this letter and the accompanying Form of Instruction are not to be construed as legal, financial or tax advice. If you are in any doubt as to the contents of this letter or the action which you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, solicitor, accountant, bank manager 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 you are not so resident, from another appropriately authorised independent financial adviser.

This letter should be read in conjunction with the scheme circular to shareholders of Pharos Energy PLC dated 21 July 2026 (the **Scheme Document**) which contains further details of the Acquisition and the Scheme (each as defined below) referred to in this letter. The Scheme Document is available to view and download on Pharos's website at www.pharos.energy/investors/offer-for-pharos-energy/. Words and expressions defined in the Scheme Document have the same meaning in this letter unless the context otherwise requires.

Pharos Energy PLC (Pharos)

(a public limited company limited by shares incorporated in England and Wales with registered number 03300821)

Registered Office:

27/28 Eastcastle Street, London, United Kingdom, W1W 8DH

Ratio Petroleum Energy LP (Ratio)

(*a public limited partnership established in Israel with registered number 550268411*)

Registered Office:

85 Yehuda Halevi St. Tel Aviv 6579614

To: Participants holding options over Pharos Shares under the Pharos Energy PLC Deferred Share Bonus Plan (**DSBP**).

21 July 2026

Dear Participant,

RECOMMENDED CASH ACQUISITION OF PHAROS BY RATIO: EFFECT ON YOUR OPTIONS UNDER THE DSBP

1. INTRODUCTION

On 24 June 2026, the boards of Pharos and Ratio announced that they had reached agreement on the terms of a recommended cash offer by Ratio for the entire issued and to be issued share capital of Pharos (the **Acquisition**). The Acquisition is being implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 (the **Scheme**) which requires the approval of Pharos Shareholders, the sanction of the Court (**Court Sanction**) and the satisfaction of certain Conditions. The Acquisition, the Scheme and the Conditions are each described in more detail in the Scheme Document.

You currently hold nil cost options over Pharos Shares which were granted under the DSBP (your **Options**). You will find details of your Options in the award certificate(s) provided to you at the time your Options were granted.

We are writing to explain the effect of the Acquisition on your Options and the proposal being made to you in connection with your Options (the **Option Proposal**).

This letter does not apply to any options or awards over (or in relation to) Pharos Shares which have been granted to you by Pharos under any share incentive plans or arrangements other than the DSBP, nor does it apply to any Pharos Shares you already own (either as a result of the receipt of Pharos Shares under previous Pharos employee share schemes or otherwise). You will receive a separate letter in relation to such other options or awards, and you should refer to the Scheme Document in relation to any other Pharos Shares that you own.

2. TERMS OF THE SCHEME OF ARRANGEMENT

If the Scheme becomes Effective, Pharos Shareholders whose shares are subject to the Scheme will receive:

- 23.0683 pence in cash per Pharos Share (the **Cash Consideration**); plus
- 4.0 pence in cash per Pharos Share by way of special dividend to be paid from Pharos' existing cash resources that the board of directors of Pharos intends to declare prior to completion of the Acquisition with the record and payment dates aligned with the corresponding dates for determining entitlements to, and payment of, the Cash Consideration due to Pharos Shareholders under the terms of the Acquisition (the **Special Dividend**).

To become Effective, the Scheme must be approved by the Scheme Shareholders (as set out in the Scheme Document) who will vote on the Scheme at the Court Meeting and the General Meeting, each scheduled to be held on 17 August 2026, and certain Conditions must be satisfied (or, if capable of waiver, waived).

The Scheme also requires Court Sanction which, subject to the requisite majorities of Scheme Shareholders and Pharos Shareholders approving the Acquisition at the Court Meeting and the General Meeting respectively, will be sought at a hearing which is currently expected to take place in H1 2027 following the satisfaction of the Conditions (or waiver of the Conditions, if applicable). The Scheme is expected to become Effective two Business Days after the date of Court Sanction. If the timetable changes, we will update you.

If the Scheme becomes Effective, the Scheme will be binding on all Scheme Shareholders who hold Pharos Shares at a time known as the "**Scheme Record Time**". All such Pharos Shares will automatically be sold to Ratio under the terms of the Scheme and in return the Scheme Shareholders will receive the Cash Consideration for their Pharos Shares and the Special Dividend. The Scheme Record Time is currently expected to be 6.30 p.m. (UK time) on the next Business Day after the date of Court Sanction.

3. EFFECT OF THE SCHEME ON YOUR OPTIONS

Any Options that you hold which have not already vested in accordance with their terms by the date of Court Sanction (the **Unvested Options**) will vest in full and become exercisable immediately upon Court Sanction. Any Options that you hold which have already vested in accordance with their terms before the date of Court Sanction but which have not been exercised by you (the **Vested Options**) may be exercised in connection with the Acquisition (or on any earlier date and in the ordinary course, subject to the rules of the DSBP and any other share dealing restrictions that may apply).

4. THE OPTION PROPOSAL

The Option Proposal is that you use the enclosed Form of Instruction to exercise your Vested and Unvested Options (to the extent that they have not already been exercised by you on any earlier date) to the maximum extent possible with such exercise instructions being conditional upon and becoming effective immediately after Court Sanction.

If you accept the Option Proposal, you will agree to exercise your Options and acquire Pharos Shares following Court Sanction (but before the Scheme Record Time) and the terms of the Scheme will apply to the Pharos Shares you acquire on the exercise of your Options. This means that the Pharos Shares you receive on the exercise of your Options will be subject to the Acquisition in the same way as all other Pharos Shares and in return you will receive the Cash Consideration and the Special Dividend for each Pharos Share you hold at the Scheme Record Time in accordance with the terms set out in the Scheme Document.

In relation to the Options you hold that were granted in June 2026 (**June 2026 Options**), which will vest in full if the Scheme is sanctioned by the Court (per section 3 (*Effect of the Scheme on your Options*) above), you will also receive a cash payment of 0.9317 pence in respect of each Pharos Share you receive on the exercise of your June 2026 Options (the **Cash Payment**). The Cash Payment is the cash equivalent entitlement linked to the dividend paid to Pharos Shareholders who were on the register as at close of business on 12 June 2026 which you would otherwise have been entitled to receive in the form of a dividend equivalent had the June 2026 Options been granted on the usual grant date in March 2026.

The Cash Consideration, the Special Dividend and the Cash Payment due to you will be paid to you through the next practicable payroll after the Effective Date, subject to the withholdings to meet tax and other liabilities referred to in section 6 (*Withholding*) below.

Once you have submitted a Form of Instruction, you do not need to take any further action and the terms of the Scheme will apply to the Pharos Shares you acquire prior to the Scheme Record Time on the exercise of your Options. No payment is required by you to accept the Option Proposal and exercise your Options.

Please refer to the recommendation of the Pharos Directors in section 9 (*Recommendation of the Pharos Directors*) below.

The exercise of your Options under the Option Proposal is conditional on Court Sanction. If the Court does not sanction the Scheme, your exercise will not be effective and your Options will not lapse; they will remain or become exercisable in accordance with the usual exercise provisions that apply to those Options under the rules of the DSBP and the terms of your Options.

The Option Proposal is not conditional on any particular level of acceptances from Scheme Shareholders or any approvals from participants in the DSBP.

5. TIMETABLE AND PROCEDURE FOR ACCEPTING THE OPTION PROPOSAL

If you wish to accept the Option Proposal and exercise your Options with effect from the date of Court Sanction, you must act promptly. **You must:**

- **complete, SIGN AND HAVE WITNESSED BY AN INDEPENDENT PARTY the enclosed Form of Instruction (see note 3 of the Form of Instruction); and**
- **return your fully executed Form of Instruction, to be received by the Company Secretary, Tony Hunter, by post or at CoSec@pharos.energy as soon as possible but in any event by NOT LATER THAN 5 pm UK time on 16 August 2026.**

If you accept the Option Proposal, your acceptance cannot subsequently be revoked (subject to normal exercise of any Vested Options prior to Court Sanction, in the circumstances referred to in section 8 (*Where the Option Proposal is not accepted or acceptance is withdrawn*) below). Your acceptance of the Option Proposal will, however, be of no effect if the Scheme is not approved by Scheme Shareholders and sanctioned by the Court.

6. WITHHOLDING

Under the rules of the DSBP, you are obliged to settle any income tax and employee national insurance contribution liabilities that arise on exercise of your Options for which a member of the Pharos Group is liable to make payment to HM Revenue & Customs (**HMRC**).

Accordingly, Pharos will make arrangements to withhold a sufficient portion of your Cash Consideration to meet the income tax and employee national insurance contribution liabilities due on exercise of your Options (which will be remitted to HMRC).

7. TAX TREATMENT

A summary of the tax consequences for UK resident holders of Options is set out in the schedule to this letter. If you are in any doubt as to your tax position, you should consult an appropriate independent professional adviser immediately.

8. WHERE THE OPTION PROPOSAL IS NOT ACCEPTED OR ACCEPTANCE IS WITHDRAWN

In respect of Vested Options <u>only</u>, you may choose not to accept the Option Proposal and, instead, exercise those Vested Options at any time prior to the date of Court Sanction. **However, you are recommended to accept the Option Proposal in respect of all your Vested Options because such acceptance will not prevent you from exercising your Vested Options on an earlier date before Court Sanction if you later decide that you wish to do so (provided that you are permitted to do so under the rules of the DSBP and any other share dealing restrictions that may apply).**

If you do not accept the Option Proposal (and do not otherwise exercise your Vested Options prior to the date of Court Sanction), you may continue to exercise your Vested and Unvested Options in the ordinary course under the rules of the DSBP until one month after the date of Court Sanction. Any Options not exercised by that time will lapse.

However, you should also note that a resolution is proposed at the General Meeting to amend Pharos' articles of association as a result of which any Pharos Shares issued on exercise of Options after the Scheme Record Time will be automatically transferred to Ratio for the same Cash Consideration you would have received had you participated in the Scheme. If you exercise your Options after the Scheme Record Time, you will <u>not</u> be entitled to receive the Special Dividend (and you will not be entitled to receive a dividend equivalent in respect of the Special Dividend). Accordingly, you are recommended to accept the Option Proposal in respect of your Options in order to participate in the Special Dividend.

You should also note that your Options will continue to be subject to the rules of the DSBP and your award certificate(s). In particular, you should note that if, prior to the exercise of your Options, you leave the employment of the Pharos Group other than in prescribed 'good leaver' circumstances (e.g. ill health, injury, disability, retirement, death), you may lose your right to exercise your Options altogether, in which case this letter would stop being relevant to you.

If you require further details relating to exercise of your Options outside the Option Proposal, please contact the Company Secretary, Tony Hunter, by email at CoSec@pharos.energy.

9. RECOMMENDATION OF THE PHAROS DIRECTORS

The Pharos Directors recommend that you exercise your Options in accordance with the terms of the Option Proposal. The Pharos Directors, who have been so advised by Rothschild & Co as to the financial terms of the Acquisition, consider the terms of the Option Proposal to be fair and reasonable in the context of the Acquisition. Rothschild & Co is providing independent financial advice to the Pharos Directors for the purposes of Rule 15.2(a) of the Code. In providing advice to the Pharos Directors, Rothschild & Co has taken into account the commercial assessments of the Pharos Directors.

In determining whether to accept the Option Proposal set out in this letter, the Pharos Directors also recommend that you take your personal circumstances into account.

10. FURTHER ASSISTANCE

If you have any questions about this letter (not involving the giving of financial, legal or tax advice), please contact the Company Secretary, Tony Hunter, by email at CoSec@pharos.energy.

Yours sincerely

Katherine Roe	Itay Raphael
CEO	CEO
Pharos Energy PLC	**Ratio Petroleum Energy LP**

Notes:

(i) If there is any conflict between this letter and the terms of the Options or any applicable legislation, the terms of the Options and/or any applicable legislation will take precedence.

(ii) The Pharos Directors, whose names are set out in section 2.1 of Part 7 of the Scheme Document, accept responsibility for the information contained in this letter and the Form of Instruction, (including expressions of opinion) other than information for which responsibility is taken by the Ratio Directors pursuant to paragraph (iii) below. To the best of the knowledge and belief of the Pharos Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter and the Form of Instruction for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

(iii) The Ratio Directors, whose names are set out in section 2.2 of Part 7 of the Scheme Document, accept responsibility for the information contained in this letter and the Form of Instruction (including expressions of opinion) relating to Ratio, persons acting in concert with Ratio (as such term is defined in the Code), the Ratio Directors and their respective close relatives, related trusts and other persons acting in concert with them. To the best of the knowledge and belief of the Ratio Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter and the Form of Instruction for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

(iv) Rothschild & Co, which is authorised and regulated by the Financial Conduct Authority in the UK, is acting as financial adviser and corporate broker to Pharos and no-one else in connection with the Scheme and the Option Proposal contained in this letter and will not be responsible to anyone other than Pharos for providing the protections afforded to clients of Rothschild & Co or for providing advice in relation to the Scheme or Option Proposal.

(v) Rothschild & Co has given and not withdrawn its written consent to the issue of this letter with the inclusion of the references to its name in the form and context in which they appear.

(vi) Nothing in this letter or the Form of Instruction will be construed as investment advice or any investment recommendation given by Pharos or Ratio.

(vii) Accidental omission to despatch this letter or the Form of Instruction to, or any failure to receive the same by, any person to whom the Option Proposal is made, or should be made, will not invalidate the Option Proposal in any way.

(viii) All acceptances and decisions made in respect of the Option Proposal will be irrevocable in respect of Options that vest on Court Sanction.

(ix) Receipt of documents will not be acknowledged. All documents sent by or to a participant in the DSBP will be sent at the individual's own risk. If a participant in the DSBP has received this letter and the Form of Instruction in electronic form, they may request that copies of those documents be sent to them in hard copy form and that all future documents be sent to them in hard copy form. Requests should be submitted to Pharos's registrar, Equiniti, at Highdown

House, Yeoman Way, Worthing, West Sussex, United Kingdom, BN99 6DA or by calling them on +44 (0)371 384 2050 during business hours (lines are open from 8.30 a.m. to 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales)). Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Please note that Equiniti cannot provide any financial, legal or tax advice. Calls may be recorded and monitored for security and training purposes. This letter, the Form of Instruction and the Option Proposal will be governed by and construed in accordance with English law.

(x) A copy of this letter will be available to view on Pharos's website at www.pharos.energy/investors/offer-for-pharos-energy/.

(xi) The release, publication or distribution of this letter and any accompanying documents (in whole or in part) in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable legal or regulatory requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

(xii) Neither this letter nor any of the accompanying documents do or are intended to constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful.

SCHEDULE

United Kingdom Taxation

THIS SCHEDULE CONTAINS A GENERAL GUIDE TO UK TAXATION ISSUES IN RELATION TO YOUR OPTIONS GRANTED UNDER THE DSBP. THE GUIDE IS WRITTEN ON THE ASSUMPTION THAT YOU ARE RESIDENT FOR TAX PURPOSES IN THE UK.

The information contained below is for guidance only and is based on the tax legislation in force, and published HMRC guidance as at the date of this letter. It is not a full description of all the circumstances in which a tax liability may occur and only considers the implications for you of accepting the Option Proposal. **If you are in any doubt as to your tax position, you should consult an appropriate independent professional adviser immediately.**

1. **TAXATION OF OPTIONS**

1.1 **Income tax and employee National Insurance contributions (NICs) on exercise of Options**

An income tax and employee NICs charge will arise on the exercise of your Options.

This charge will be calculated on the total market value of the Pharos Shares acquired on the date of exercise of the Options.

Pharos's estimate of any income tax and employee NICs liabilities arising on the exercise of your Options will be deducted from the Cash Consideration you receive under the Scheme in respect of your Pharos Shares and accounted for to HMRC. To the extent that the amounts deducted prove to be lower than your actual income tax and NICs liabilities arising on exercise, you will be required to make further payments to Pharos or HMRC.

1.2 **Capital Gains Tax (CGT) on disposal of Pharos Shares acquired on exercise of Options**

As you are required to pay income tax on the exercise of your Options, and assuming you hold no other Pharos Shares, it is likely that you will have no liability to pay CGT as a result of the disposal in the Acquisition of the Pharos Shares you acquire on exercise. Please note, however, that special rules apply to determine your liability to CGT where you hold other Pharos Shares (however acquired).

2. **TAXATION OF SPECIAL DIVIDEND**

The Special Dividend that you receive in respect of your Pharos Shares will be taxed as income at the applicable marginal rate of dividend tax based on your overall income and applicable tax rates. For the 2026/2027 tax year, the tax free dividend allowance is £500 and the applicable marginal rates of dividend tax for dividends received in excess of the allowance are 10.75% (basic rate), 35.75% (higher rate) and 39.35% (additional rate). You must report the dividends you receive to HMRC either on your self-assessment tax return, or otherwise, if your total dividend income exceeds the dividend allowance.

3. TAXATION OF CASH PAYMENTS

Any Cash Payment will be subject to income tax and employee NICs, in the same way as any other cash payment, and will be settled through payroll net of any such liabilities.

4. TAX RETURNS

Your tax return must be submitted to HMRC and tax (if any) paid by the usual filing date for the 2026/2027 tax year (the tax year in which your Options are expected to be exercised).

You may be required to notify HMRC and pay tax even if you do not automatically receive a tax return. You may, therefore, need to complete and submit a self-assessment tax return to HMRC. If you do not receive a tax return, you may need to ask HMRC to send you one, including pages relating to employee share schemes.