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25th October 2022

Dear Shareholder,

PROPOSED SHARE BUYBACK ARRANGEMENTS - TOUCHSTONE GROUP LIMITED

The March 2022 published accounts for Touchstone Group Ltd highlighted that the Board would be considering shareholder appetite for a further possible Buyback of shares.

I am now writing to all shareholders to confirm that the Board is considering offering all shareholders who hold shares in Touchstone Group Limited (the “Company” or the “Group”) the opportunity to sell their shares back to the Company. At this stage, these considerations are still preliminary and subject to contract.

As you will be aware, the Company is no longer a public company admitted to trading on an investment exchange. Consequently, it is not possible to seek a shareholder authorisation to complete an on-market share buyback program and therefore the Board is now considering a further opportunity of liquidity to its shareholders through an off-market buyback of shares within this current tax year.

Background

The Group’s shares were listed on the AIM market of the London Stock Exchange at a price of £1.05p per share in 1998. The Board and shareholders took the decision to step down from the Stock Exchange and delisted from AIM in October 2009.

The following table highlights the various exit opportunities provided to shareholders since de-listing from AIM in October 2009:

Opportunity	Date	Shares Transacted	Price	Detail
AIM Delist Tender Offer	Oct-09	266,116	23p	
Matched Bargain Facility	Mar-11	13,870	31p	Just two transactions over the 14-month period that the MBF was open
ESOT Purchase	Jun-12	1,177,576	51.5p	Shares acquired by the Employee Share Trust on behalf of Group staff
Tender Offer + Special Divi	Jan-14	2,833,333	80p	Tender price of 70p plus Dividend of 10p
Private Sale	Jun-20	834,502	£1.30p	Shares acquired by various Group Directors from a major institutional shareholder
Share Buyback + Special Divi	Mar-21	1,829,388	£1.40p	Buyback price of £1.30p plus Dividend of 10p

Outline Proposal

The Board are now considering a further Buyback exercise with the intention of providing all interested shareholders with an exit price, as well as a dividend payment.

Share price: £2.05p per share

Dividend: £0.30p per share (15p Final + 15p Special Interim)

Total: £2.35p per share

The Group’s FY22 audited financial statements referenced that the Group retained a residual investment in a divested operation. This investment was realised in October ’22. The unaudited impact of the crystallised investment is estimated to be an approximate £6m increase in the Group’s Net Assets, having deducted all original costs and estimated tax provisions.

The proposed share Buyback price of £2.05 reflects the previous share Buyback price (£1.30p per share) plus an unaudited estimate of the £6m investment realisation on a per share basis (£0.75p per share).

The proposed Dividend includes the Final Dividend for 31st March 2022 (15p per share), plus a Special Interim Dividend (15p per share) to all shareholders on the Register before the Buyback date.

Group Report & Accounts for the year ended 31st March 2022 are available to view in the Investor Area of the Group's website:

<https://www.touchstone.co.uk/investors-area/>

Shareholder Participation

The Board now wish to give a further opportunity for shareholders who would like to exit. To this end, the Board are proposing that all shareholders whose shares have been on the register for over 12 months have the chance to sell their entire holding without risk of scale-back, up to a guaranteed threshold of 150,000 ordinary shares.

The Majority Shareholders controlling parties have indicated that they will vote in favour for the proposed Buyback programme depending on the interest in the exercise and may participate individually up to similar or greater levels than the proposed threshold. As administration of Buybacks can be complex the Board reserves the right to withdraw its proposal, if it deems there is not sufficient shareholder interest.

Important Dates

In order that a Share Buyback programme can be completed before the end of the current tax year (March '23), the Board are now asking all shareholders to advise us by 31st December 2022 as to whether they would wish to sell some or all of their shares in the Company

Nominee Shareholders

We would advise Nominee shareholders (i.e. Banks, Stock Brokers and other financial institutions who acquire shares on behalf of beneficial shareholders) to contact their underlying beneficiaries, to establish their interest in selling.

To avoid the delay and administration involved in detailing and handling potentially numerous underlying beneficiaries held in a Nominee Account, we understand that Nominee shareholders can set up an appropriate single account on behalf of their beneficial holders who are willing sellers. To do this, or to enquire further, we would ask that any Nominee Account representatives contact our Account Manager at the Link Group who are the Group's Registrars at the email address below:

shaun.hand@linkgroup.co.uk

If you are a beneficial shareholder with your holding held in a Nominee Account, please contact your point of reference at your Nominee firm in order to register your interest. Please do not contact Link Group.

Current Trading

Unaudited Group management accounts for the 6-month period to 31st September 2022, indicate that overall turnover levels are slightly up on last year but due to inflationary cost pressures and headcount increases, trading profits are lower.

Post Year-end

Other than the previously mentioned realisation of the Group's residual investment, there have been no significant events since the last balance sheet date and the date of this document.

Register Your Interest - Contact Details

If you wish to express an interest in selling all or some of your shares in the Company, please complete the enclosed Reply Paid card (for UK based shareholders only) or provide:

- The name of the beneficial holder of your shares
- Name of Nominee Firm (if applicable)
- Relevant contact details; and
- The number of shares you wish to sell

by email to: **Buyback2@touchstone.co.uk**

Yours sincerely,

Keith Birch
Chief Executive Officer