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**FOR IMMEDIATE RELEASE**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**9 August 2024**

**RECOMMENDED FINAL\* CASH ACQUISITION**

**of**

**Hargreaves Lansdown plc**

**by**

**Harp Bidco Limited**

**(a newly formed company to be indirectly owned by CVC Private Equity Funds, Nordic Capital XI Delta, SCSp (acting through its general partner, Nordic Capital XI Delta GP SARL) and Platinum Ivy B 2018 RSC Limited)**

**to be implemented by means of a scheme of arrangement  
under Part 26 of the Companies Act 2006**

**Summary**

- The independent directors of Hargreaves Lansdown plc (“**HL**”) and the board of directors of Harp Bidco Limited (“**Bidco**”) are pleased to announce that they have reached agreement on the terms and conditions of a recommended final\* cash acquisition by Bidco of the entire issued, and to be issued, ordinary share capital of HL.
- Under the terms of the Acquisition, each HL Shareholder will be entitled to receive:

**for each HL Share: 1,140 pence in cash**

comprised of:

- cash consideration of 1,110 pence per HL Share (the “**Cash Consideration**”); and
- a dividend of 30 pence per HL Share in respect of the Financial Year ended 30 June 2024 (the “**2024 Full-Year Dividend**”),

together, the “**Cash Offer**”.

The 2024 Full-Year Dividend is expected to be paid by HL by no later than the end of November 2024.

- The Cash Offer values HL’s entire issued, and to be issued, ordinary share capital at approximately £5,443 million on a fully diluted basis.
- The Cash Offer represents a premium of approximately:
  - 54.1 per cent. to the Closing Price of 740.0 pence per HL Share on 11 April 2024 (being the last Business Day before the Consortium’s initial approach to the HL Board);
  - 48.5 per cent. to the volume-weighted average price of 767.7 pence per HL Share for the three-month period ended 21 May 2024 (being the last Business Day before the commencement of the Offer Period); and
  - 51.7 per cent. to the volume-weighted average price of 751.5 pence per HL Share for the six-month period ended 21 May 2024 (being the last Business Day before the commencement of the Offer Period).
- The financial terms of the Cash Offer and the Alternative Offer (as described below) are final\* and will not be increased or improved, except that Bidco reserves the right to increase the amount of the Cash Consideration and improve the financial terms of the Alternative Offer if there is an announcement on or after the date of this announcement of an offer or a possible offer for HL by a third party offeror or potential offeror. Bidco reserves the right to elect to implement the Acquisition by way of an Offer as an alternative to the Scheme (with the consent of the Panel (where necessary) and subject to the terms of the Cooperation Agreement (if applicable)).
- As an alternative to the Cash Consideration, eligible HL Shareholders may elect to participate in the Alternative Offer by exchanging some or all of their HL Shares for rollover loan notes issued by Bidco which will, subject to implementation of the Rollover, ultimately be exchanged for rollover ordinary shares in the capital of Topco having the rights of “Rollover Shares” set out in the Topco Articles (as amended from time to time) (the “**Rollover Securities**”), subject to the terms and conditions of the Alternative Offer (detailed in paragraph 12 below). Eligible HL Shareholders will be able to elect for the Alternative Offer in relation to some or all of their holdings of HL Shares and will receive (subject to implementation of the Rollover):

**for each HL Share: 1 Rollover Security**

\* The financial terms of the Cash Offer and the Alternative Offer are final and will not be increased or improved, except that Bidco reserves the right to increase the amount of the Cash Consideration and improve the financial terms of the Alternative Offer if there is an announcement on or after the date of this announcement of an offer or a possible offer for HL by a third party offeror or potential offeror. Bidco reserves the right to elect to implement the Acquisition by way of an Offer as an alternative to the Scheme (with the consent of the Panel (where necessary) and subject to the terms of the Cooperation Agreement (if applicable)).

If the Scheme becomes Effective, assuming all eligible HL Shareholders validly elect to receive consideration by means of the Alternative Offer in respect of 35 per cent. of their holdings of HL Shares and no such elections are scaled back as a result of the US Holders Cap or the Shareholding Cap, following satisfaction of the Cash Consideration and subject to implementation of the Rollover, HL Shareholders will hold up to 35 per cent. of the economic rights in Topco. Following the implementation of the Rollover, Consortium JVCo will subscribe for Topco A Ordinary Shares (at the same subscription price per share as Consortium JVCo paid in respect of its subscription for Topco A Ordinary Shares to fund the payment of the Cash Consideration to HL Shareholders) for an aggregate subscription amount equal to the total costs and expenses incurred and to be incurred by or on behalf of the Topco Group and the Consortium Members in connection with the Acquisition. This issuance will be implemented on a non-pre-emptive basis in order to enable the relevant members of the Topco Group to settle such costs and expenses, meaning that holders of Rollover Securities will not be entitled to participate and their economic rights in Topco will therefore be diluted by such issuance with effect from the Costs Issuance Date. Such costs and expenses incurred and to be incurred in connection with the Acquisition are currently expected to be approximately £100 million, which would result in a limited dilution of participating HL Shareholders of up to approximately 3 per cent. of the holding of HL Shareholders who elect to receive the Rollover Securities. An updated estimate of such costs and expenses will be included in the Scheme Document.

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## **2024 Full-Year Dividend**

- The HL Directors have today proposed the 2024 Full-Year Dividend for the Financial Year ended 30 June 2024. The 2024 Full-Year Dividend is expected to be paid no later than the end of November 2024 to HL Shareholders on the register of members of HL at the relevant record time. If the 2024 Full-Year Dividend is for any reason not approved by HL Shareholders for payment by reference to a record date that falls before the Effective Date, the HL Directors expect to declare the 2024 Full-Year Dividend instead as an interim dividend payable to HL Shareholders on the register of members of HL at a record time prior to the Acquisition becoming Effective.
- HL Shareholders who are not entitled to receive the 2024 Full-Year Dividend, including HL Shareholders who are not on the register of members of HL at the relevant record time in respect of the 2024 Full-Year Dividend, shall receive the Cash Consideration and/or (subject to implementation of the Rollover) Rollover Securities (if applicable) only.

## **Background to and reasons for the Acquisition**

- Bidco views HL as one of the leading UK investment platforms with an impressive position and a strong purpose in the attractive UK wealth market. HL is expected to benefit from numerous tailwinds over the coming decade, driven by increased individual responsibility for savings, pension freedom, an aging population, further digitalisation of the wealth process, the increasing importance of data, and AI-led activities. At the same time, the direct-to-consumer market will become significantly more competitive, driven by a

combination of increasing sophistication of established competitors, technology advancements and new entrants continuing to disrupt the market.

- Since it was founded in 1981, HL has built an impressive market position, widespread brand awareness, trusted position, and high customer Net Promoter Scores. HL has a strong brand heritage and is operating in a market where holding one of the leading market positions provides opportunities for relative outperformance, as well as capitalising on scale benefits to improve the client proposition, cost-to-serve and value. Bidco believes that HL is fundamentally well-positioned to maintain, and build on, its market position to deliver growth despite increasing competition and other near-term headwinds.
- HL has an important purpose; making it easy for the UK consumer to save and invest for a better future. Bidco understands HL has a responsibility to support clients, throughout their savings lifetime, be better in managing their financial wealth and enabling clients to get the right outcomes; regardless of their accessibility needs.
- Bidco supports the important role HL plays in promoting savings and investing in society and believes that a substantial transformation is required to accelerate the delivery of these objectives for HL's clients. The ambition of this transformation is to give more retail investors in the UK access to the tools, information and services required to make sound investment decisions, combined with a transparent approach and good value in line with Consumer Duty.
- A transformation of the scale Bidco envisages as appropriate requires investment, in particular in the technology platform to position HL to offer its clients user-friendly digital channels, inspiring client journeys (both online and through the Helpdesk) and differentiated financial products. Further investment by Bidco in the technology platform is expected to improve operational resilience, enhance capacity in systems, and deliver significant scalability and operating leverage in its cost base going forward.
- HL will be repositioned and further strengthened by the transformation. However, to deliver such a transformation, it will require change, investment, time to implement fully and time for the benefits to be reflected in the future financial performance of HL. As a result, Bidco believes HL will be able to execute more effectively, accelerate implementation and deliver the growth potential of its transformation plan better as a private company without all the requirements of a public company.
- CVC Private Equity Funds, Nordic Capital and Platinum Ivy (a wholly-owned subsidiary of ADIA, managed by ADIA PED) and its affiliates each have a strong track record of deploying capital, expertise in successfully accelerating and delivering complex transformations and extensive experience in investing across regulated financial services companies globally and in the UK. With their investment and detailed engagement through Bidco, CVC Private Equity Funds, Nordic Capital and Platinum Ivy and its affiliates will leverage their highly relevant experience and capabilities developed through prior investments, including Nordic Capital's investment in Nordnet, the digital savings and investment platform in the Nordics. CVC Private Equity Group, Nordic Capital and Platinum Ivy believe that, following the completion of the Acquisition, they will be able to accelerate and enhance the transformation of HL as a private company for the benefit of clients, employees and other stakeholders.

## **HL recommendation**

- The HL Independent Directors, who have been so advised by Fenchurch, Barclays, Deutsche Numis and Morgan Stanley as to the financial terms of the Cash Offer, consider the terms of the Cash Offer to be fair and reasonable. In providing their financial advice to the HL Independent Directors, Fenchurch, Barclays, Deutsche Numis and Morgan Stanley have taken into account the commercial assessments of the HL Independent Directors. Fenchurch is providing independent financial advice to the HL Independent Directors for the purposes of Rule 3 of the Takeover Code.
- Accordingly, the HL Independent Directors intend to unanimously recommend HL Shareholders to vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting as they have irrevocably undertaken to do in respect of their own HL Shares (representing, in aggregate, approximately 0.01 per cent. of the issued ordinary share capital of HL as at 8 August 2024, being the last Business Day before the date of this announcement).
- Bidco and the Consortium are also separately making the Alternative Offer. The HL Independent Directors have reviewed the terms of the Alternative Offer, but for the reasons described in the following announcement, the HL Independent Directors are unable to form a view as to whether or not the terms of the Alternative Offer are fair and reasonable and accordingly are not making any recommendation to holders of HL Shares in relation to the Alternative Offer. In reviewing the terms of the Alternative Offer proposed by Bidco and the Consortium, the HL Independent Directors, Fenchurch, Barclays, Deutsche Numis and Morgan Stanley have identified certain key disadvantages and advantages of electing for the Alternative Offer which are set out in further detail in paragraph 4 of the following announcement. HL Shareholders are strongly encouraged to take into account such disadvantages and advantages, as well as a number of investment considerations and risk factors outlined in paragraph 14 of the following announcement and their particular circumstances, when deciding whether to elect for the Alternative Offer in respect of some or all of their HL Shares.
- Further details of the Alternative Offer are set out in paragraphs 12, 13 and 14 of the following announcement and in Appendix 4 below.

## **Background to and reasons for the recommendation**

### HL Group context

- Founded in 1981, HL is the largest and one of the longest-standing Direct to Consumer (D2C) investment platforms in the growing UK wealth management market, with a large and loyal client base, a strong and trusted brand, and a broad range of products and services that cater for every life stage.
- HL has a clear ambition to provide its clients with the best savings and investment platform to help them to achieve their financial goals. The Independent HL Board believes that achieving this ambition will enable HL to remain the UK's largest savings and investment platform, grow its client base, and capture the significant long-term opportunity in the wealth and savings market.

- Since HL’s shares were admitted to the London Stock Exchange in May 2007, HL’s AuA has grown from £10.2 billion as at 30 June 2007 to £155.3 billion as at 30 June 2024 and active clients have increased from 218,000 to almost 1.9 million over the same period. HL’s current Net Promoter Score, which stands at +44, is strong positive evidence of its ability to attract and retain customers in the market.
- The Independent HL Board believes that HL is well positioned to benefit from market growth in future years. HL’s ambition to help clients invest and achieve their financial goals is fully aligned with a broader UK political and regulatory focus on addressing the UK ‘savings gap’ and delivering better client outcomes. An improved UK macroeconomic outlook, following a period of extreme shocks including Covid and the negative impact of global conflicts on broader market confidence, is expected to have a positive impact on HL’s business, specifically on client inflows and retention over the medium term.
- The improving macroeconomic backdrop and the execution of HL’s stated strategy are, together, delivering early signs of improvement in the business against the challenges faced in recent periods as demonstrated in HL’s most recent trading updates, including in its preliminary results for FY 2024 announced today, which set out:
  - net new business of £1.6 billion for Q4 2024, driving record closing AuA of £155.3 billion;
  - total revenue of £764.9 million, up 4 per cent. compared to FY 2023;
  - underlying costs of £338.5 million, up 8 per cent. compared to FY 2023, slightly below guidance; and
  - underlying profit before tax of £456.0 million, up 4 per cent. compared to FY 2023.
- At the same time, the Independent HL Board recognises that the market has evolved significantly in recent years and expects this rate of transformation to continue, with:
  - an increasingly competitive market environment, with existing D2C market participants investing significantly in price and proposition, the entrance of large international groups into the UK investment platform market, digital-led Fintech providers launching low cost wealth propositions, and increasing strategic focus on wealth management by certain UK retail banks, life insurers and asset managers;
  - a changing regulatory environment including greater regulatory focus on UK wealth participants (e.g., implementation of the Consumer Duty framework in July 2023), in turn driving increased associated resource requirements and costs; and
  - an evolution in client behaviours and expectations relating to digital engagement and personalised services, requiring increasing and ongoing investment in HL’s client proposition, digital capabilities and underlying technology.
- Following Dan Olley’s appointment as HL’s CEO in August 2023, HL commenced a comprehensive business-wide review of the progress and strategic direction of the HL Group, its overall performance and its client value proposition. Based on early observations, HL’s CEO set initial priorities to focus the business and start to accelerate the transformation while this review was carried out. At HL’s interim results in February

2024, HL's CEO laid out the evolved strategy, some initial findings from the review and how these had now been included into the organisation's transformation programme.

### Conclusions from the review

- HL undertook to update the market further at its FY 2024 results in August 2024 irrespective of the Cash Offer from the Consortium. With the business-wide review now complete, HL is therefore updating the market on its key findings, as set out below:

- **Fundamental Strengths** – With its more than 40-year heritage and a strong sense of purpose, HL already has many of the foundational elements in place to execute on its strategy. As set out by the CEO at HL's interim results in February 2024, HL is distinguished by the strength of its culture and the dedication of its colleagues, its strong sense of purpose and its clear focus on serving clients every day.

More specifically, HL benefits from a strong and trusted brand, having been rated the #1 classic investment platform by Boring Money in 2023 and is recognised by more than 30 per cent. of adults in the UK. HL has a client-first service-led approach embedded throughout its culture and embodied by over 2,400 colleagues serving a large, diverse and loyal base of almost 1.9 million clients – the largest client base of any wealth manager in the UK. Together with one of the broadest ranges of products and services in the UK savings and investment market including over 14,000 different investment options, HL is able to cater for clients across every life stage.

Building on these key strengths and with the benefit of a strong and robust balance sheet and predictable cash flow, the review has confirmed that HL is therefore especially well placed to take advantage of the clear opportunity ahead in the UK's large and growing savings and investment market.

- **Client Engagement & Retention** – Despite a long term track record of growth in an increasingly competitive environment, HL has been growing at a slower pace over several years as set out in HL's 2024 interim results. This is primarily driven by reducing asset and client retention rates. Analysis has demonstrated that once key service issues had been addressed as a reason for attrition, outflows are now largely being driven by specific factors including friction and gaps in the digital experience and certain aspects of the client value proposition, which have remained largely unchanged since 2017. This is in the context of an increasingly competitive environment where, in areas, competitors are now offering propositions approaching that currently offered by HL and at lower cost as a result of ongoing revenue investment.
  - Net new business has reduced from £8.7 billion in FY 2021 to £4.2 billion in FY 2024, reflecting declining client and asset retention rates, which have fallen from 92.1 per cent. to 91.4 per cent. and 91.4 per cent. to 88.5 per cent. respectively over the same time period.
  - Investment is required in both the digital experience and the overall client value proposition, including revenue investment, to address this declining retention.
- **Client Acquisition** – Whilst HL's strong and established brand generates consistently strong inflows, HL's marketing approach has not reflected industry trends towards digital and performance marketing. Use of social media channels has been limited, as

is the ability to target new archetype clients, which requires more sophisticated data-driven marketing capabilities.

- While HL continues to attract new and younger clients, the level of gross new inflows it is able to attract in the platform from new clients each year has dropped by 35 per cent. since FY 2021.
- HL needs to significantly evolve its marketing capability and approach to achieve new target client acquisition at lower cost.
- **Client Service** – Best-in-class service from experienced and knowledgeable colleagues is an essential element of HL’s proposition. Whilst service levels have stabilised since the decline seen in FY 2023, further work is required to bring service levels back to the consistently high standards expected by HL’s clients.
  - HL’s monthly Net Promoter Score declined to a low of +33 during the 2023 tax year end, reflecting challenges associated with Helpdesk capacity and call volumes. With a clear focus on resetting service levels in FY 2024, HL’s Net Promoter Score has ranged between a monthly level of +40 and +48 in the last quarter, which demonstrates good progress but HL’s management are seeking to target a Net Promoter Score of 50+ on a consistent basis.
  - HL needs to improve and extend its service proposition to ensure a consistent best-in-class client experience.
- **Operational Transformation & Cost Efficiency** – HL’s highly manual processes and legacy technology systems need to be addressed as they are directly driving headcount growth and increased compliance controls, regulatory reporting and monitoring leading to increased cost to serve as client and asset numbers grow. These manual processes and systems have led to increased complexity, increased error rates and, at times, reduced client experience. Whilst the need for change in this regard has been clear for some time, progress in delivering this transformation has been limited as a result of the execution and delivery approach adopted by the business.
  - HL’s underlying cost growth to date, which has exceeded revenue and AuA growth, with cost to serve increasing from 22.3 bps to 23.7 bps from FY 2021 to FY 2024.
  - HL needs to accelerate delivery of its transformation programme to improve the client experience, build scale and enhance efficiency, driving a different cost trajectory.
- **Colleague Engagement** – HL’s latest colleague survey results reflected the limited progress that had been made historically in addressing manual processes and legacy technology, siloed working practices and inconsistent strategic priorities. It was also clear that the organisation had experience and capability gaps in key areas required to deliver the strategy.
  - HL’s colleague engagement score has been below management’s expectations at 62 per cent. today versus a target of 70 per cent.+



- HL needs to evolve to a focused client and outcome-based performance culture and embed new ways of working (e.g., cross functional delivery teams) to help to accelerate the pace of delivery across the organisation.
- **Investment Spend** – HL identified the need to invest in a major multi-year transformation programme in 2022 to enhance its proposition, automate and scale its processes, and update its legacy technology. This programme was expected to conclude in FY 2026. HL is now two years into this investment programme and, whilst good progress has been made in certain areas (e.g., new HLFM fund launches have been successful, and the evolution of Active Savings has led to significant growth in both AuA and margin), progress has been less tangible to date in regard to operational automation and the evolution of its technology platform.
  - A change in technology leadership and operating model was required; this has taken place during FY 2024 with the technology function now directly aligned and integrated with the business structure and a new function established to manage the delivery of large cross-functional transformation programmes.
  - Certain business automation and transaction processing programmes have been reset to address an extended scope including revised regulatory requirements; the completion date for these programmes has been extended as a result.
  - The programme to support the Advice offering has been reset and a £14.4 million impairment recognised in HL’s FY 2024 Interim Results.
  - As a fintech, HL’s operating cost base is now planned to include costs associated with having the capability to deliver propositional development and improvement on a continuous basis without the need for additional or catch up significant one-off investment spend.
- HL needs to complete its investment programme to achieve the benefits outlined above, which is still expected to be delivered within the total investment spend of £225 million announced in February 2022 (£175 million of strategic spend and £50 million of dual running costs) but with completion of specific programmes extending into FY 2027. Any further material capital investment would only be incurred to drive innovation and step change business efficiency opportunities, measured against specific investment return criteria.

#### Go-forward strategy

- HL has a clear and refreshed strategy, which the Independent HL Board is confident will deliver over the longer term, with good progress already made against the initial priorities identified in FY 2024. The refreshed strategy comprises five strategic priorities intended to address the findings from the review, consistent with the priorities set out at HL’s interim results in February 2024:
  - (1) **Transform the investing experience:** Removing jargon, terminology and complexity and making it easy for its clients to set their financial goals and work towards achieving them with minimum effort and fuss. A key focus will be improving HL’s digital experience and proposition as well as evolving its marketing capability.

- (2) Combine the best of colleague and digital capability:** Bringing together the deep experience of HL’s colleagues with advances in AI and other digital technologies to serve clients on their terms. HL will continue to invest in its employees and technology to deliver a service continuum from DIY investing to full financial advice.
- (3) Leverage economies of scale to drive client value:** Decoupling cost from growth through the successful implementation of HL’s transformation programme enabling greater process simplification, automation and standardisation, alongside agile ways of working to enhance efficiency and increase delivery pace. Through HL’s ‘Save to Invest’ philosophy, cost benefits realised are intended to moderate future cost growth and fund the capability for continuous and ongoing investment in the client proposition.
- (4) Responsible and resilient business:** Continuing to invest to provide the robust, resilient and available services expected from the UK’s largest retail investment platform enabled by the migration of HL’s data centre to the cloud and the transition off core legacy systems to modern architecture. HL intends to ensure its operating model is resilient and compliant by design, with risk and compliance requirements assessed during development and embedded into systems and processes.
- (5) Great people, great culture:** Attracting top talent to drive focus, pace and performance, building on a strong set of values centred around putting clients first. HL is focused on enhancing its performance culture to align the organisation to the refreshed strategy and its successful implementation.

#### Conclusions on the Cash Offer

- Although it is still early in the execution of this refreshed strategy, the Independent HL Board has been pleased with the progress made by the new management team to date, with some tangible results visible in HL’s preliminary FY 2024 results. The Independent HL Board has confidence in HL’s ability over time to deliver on its strategic ambition to transform the business and maintain its market position in the face of the evolving market dynamics and create shareholder value over the medium to longer term.
- At the same time, the Independent HL Board is cognisant that delivery of HL’s core priorities involves significant change across significant parts of its business, coupled with on-going investment over the medium term as set out above. As with any transformation of this complexity, there is significant execution risk over the short-to-medium term given the duration and scale of the actions required to deliver the strategy. Combined with a dynamic competitive and regulatory environment, the realisation of the associated benefits and the timeframe for doing so involves an inherent level of uncertainty and delivery which is unlikely to be linear over the medium term.
- In assessing and recommending the Cash Offer, the Board has carefully considered the following matters:
  - 1) the opportunities and continued execution risks associated with the transformation and the delivery of HL’s strategy;
  - 2) the duration, scale and comprehensive level of change required for the business to address fully the findings of the review as outlined above;

- 3) the considerable investment into the HL proposition identified as part of the business-wide review – combining revenue investment alongside previously announced strategic investment – to support long-term client and asset retention, as well as the impact of this revenue investment, which, were it to be implemented, would be expected to be largely mitigated through a combination of asset growth, and both lower cost growth and a return to pre-Covid platform asset retention levels over the medium term; and
  - 4) the external risks facing HL, including an increasingly competitive market backdrop and the evolving regulatory environment.
- The Independent HL Board considers it is important for HL Shareholders to take these matters into account when evaluating the Acquisition. In that context, the Independent HL Board believes the Cash Offer represents an attractive opportunity for HL’s shareholders to realise an immediate and certain cash value today for their investment at a level which may not be achievable until the execution of the strategy is delivered over the medium to longer term, with that execution subject to a wide range of potential outcomes.
  - At 1,140 pence per HL Share, the Cash Offer represents a premium of approximately:
    - 54.1 per cent. to the Closing Price of 740.0 pence per HL Share on 11 April 2024 (being the last Business Day before the Consortium’s initial approach to the HL Board);
    - 48.5 per cent. to the volume-weighted average price of 767.7 pence per HL Share for the three-month period ended 21 May 2024 (being the last Business Day before the commencement of the Offer Period); and
    - 51.7 per cent. to the volume-weighted average price of 751.5 pence per HL Share for the six-month period ended 21 May 2024 (being the last Business Day before the commencement of the Offer Period).
  - In addition, the Independent HL Board notes the Consortium’s history of investing in UK and European financial services businesses, including wealth management, and the expertise they bring to help develop HL’s client proposition. The Independent HL Board believes that this expertise has the potential to enable an accelerated transformation aligned with HL’s strategy to transform the investing experience and create the best savings and investment platform for its clients. Should the Acquisition become Effective, HL’s management would work alongside the Consortium on the strategic direction of the HL Group and execution of the associated strategy.
  - In reaching its decision, the Independent HL Board has also taken into account the Consortium’s other stated intentions for the business, management, employees and other stakeholders of HL.
  - Accordingly, following careful consideration with its financial advisers, the Independent HL Board intends unanimously to recommend the Cash Offer to HL Shareholders.

#### **Irrevocable undertakings and non-binding written confirmations of intent**

- Bidco has received irrevocable undertakings from the HL Independent Directors who hold HL Shares and from Adrian Collins, the director of HL appointed following nomination by

Peter Hargreaves pursuant to the terms of the shareholder agreement between Peter Hargreaves and HL dated 20 October 2020, to vote (or, where applicable, procure voting) in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of an Offer, to accept or procure acceptance of such Offer), in respect of, in aggregate 82,129 HL Shares (representing approximately 0.02 per cent. of the existing issued ordinary share capital of HL as at 8 August 2024, being the last Business Day before the date of this announcement). These undertakings will remain binding in the event that a higher competing offer for HL is made.

- In addition to the irrevocable undertakings given by the HL Independent Directors and Adrian Collins as set out above, Bidco has also received an irrevocable undertaking from Peter Hargreaves to vote (or, where applicable, procure voting) in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of an Offer, to accept or procure acceptance of such Offer) in respect of a total of 93,838,474 HL Shares (representing approximately 19.8 per cent. of the existing issued ordinary share capital of HL as at 8 August 2024, being the last Business Day before the date of this announcement), and to elect to receive (i) the Cash Consideration in respect of 50 per cent. of his HL Shares and (ii) the Alternative Offer in respect of the remaining 50 per cent. of his HL Shares. The undertaking will remain binding in the event that a higher competing offer for HL is made.
- Stephen Lansdown has also provided a non-binding written confirmation of intent to vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of an Offer, to accept such Offer) and to elect to receive the Cash Consideration in respect of all of his HL Shares being a total of 27,087,419 HL Shares (representing approximately 5.7 per cent. of the existing issued ordinary share capital of HL as at 8 August 2024, being the last Business Day before the date of this announcement).
- Bidco has, therefore, received irrevocable undertakings and non-binding written confirmations of intent in respect of a total of 121,008,022 HL Shares (representing approximately 25.5 per cent. of the existing issued ordinary share capital of HL as at 8 August 2024, being the last Business Day before the date of this announcement).
- Further details of these irrevocable undertakings and non-binding written confirmations of intent, including the circumstances in which the irrevocable undertakings may lapse or cease to be binding, are set out in Appendix 3 to this announcement.

### **Information on Bidco and the Consortium**

- Bidco is a private limited company formed for the purposes of the Acquisition. As at the Effective Date and prior to implementation of the Rollover, it is intended that Bidco will be indirectly owned in equal shares by: (i) CVC Private Equity Funds; (ii) Nordic Capital Vehicles; and (iii) Platinum Ivy.
- The CVC Group is a leading global private markets manager with a network of 29 offices throughout EMEA, the Americas, and Asia, with approximately €193 billion of assets under management. The CVC Group has seven complementary strategies across private equity, secondaries, credit and infrastructure, for which vehicles in the CVC Group have secured commitments of approximately €235 billion from some of the world's leading

pension funds and other institutional investors. CVC Private Equity Funds have invested in over 130 companies worldwide (which have combined annual sales of approximately €155 billion and employ more than 600,000 people). CVC Private Equity Group has a repeatable approach to value creation, partnering with the best management teams to drive operational efficiency and reinvest for growth. Since 2008, CVC Private Equity Funds have made 15 financial services investments spanning the globe. CVC Private Equity Funds invest regularly in regulated financial services businesses, being current investors in several companies regulated by the FCA, PRA and/or Lloyd's of London, and has a strong regulatory reputation and track record.

- Nordic Capital is a leading sector-specialist private equity investor with approximately €31 billion of assets under management and invests in selected sectors and companies in Northern Europe and North America, offering partnership, deep sector knowledge, capital and experience to drive sustainable growth. Since its founding over 35 years ago, the Nordic Capital Vehicles have invested in over 145 companies with an ambition to create long-term sustainable value through active ownership. Nordic Capital focuses on sectors where it has deep experience and a proven history such as Healthcare, Technology & Payments, Financial Services and Services & Industrial Technology and its portfolio has a combined annual sales of around €18 billion and employs more than 80,000 people. Nordic Capital is one of the most experienced private equity investors in Financial Services in Northern Europe with a dedicated Financial Services team and has completed over 18 financial services and financial technology transactions over the last six years including Nordnet, Ascot Lloyd, Max Matthiessen and Qred.
- Platinum Ivy is a wholly-owned subsidiary of ADIA, managed by ADIA PED. ADIA is a globally-diversified investment institution that prudently invests funds on behalf of the Government of Abu Dhabi through a strategy focused on long-term value creation. ADIA PED is an investment department of ADIA. ADIA manages a substantial global diversified portfolio of investments, with assets under management in excess of US\$100 billion of which ADIA PED represents between 10-15 per cent. ADIA is a long term, value driven investor, mandated to build value in a systematic and structured manner.

### **Information on HL**

- HL is the UK's largest savings and investment platform and the UK's biggest retail stockbroker, with almost 1.9 million clients and £155.3 billion savings and investments. For over 40 years, from its Bristol headquarters, it has helped clients improve their financial futures. Its purpose is making it easy to save and invest for a better future, which it does via an easy-to-use platform and broad proposition supporting clients' financial needs across their lifetime.
- HL's award-winning digital platform gives clients access to a broad range of savings and investment solutions and products to manage their finances and facilitate their investment goals. This includes a full suite of tax-efficient lifetime pension investment solutions; a comprehensive investment proposition; and a cash management platform, Active Savings, with access to highly competitive savings rates and the ability to spread cash savings across providers, maturities and accounts.
- Finally, HL's funds provide clients with a range of options, from simple solutions (Ready Made) for low confidence clients, through to single asset funds that invest into tailored mandates, depending on clients' risk profiles.

- HL provides its services via four channels: Direct to Consumer through the app or website; Helpdesk, via phone or email; Financial Advice; and Workplace, HL's B2B arm, offering variety of services adjacent to its core pension proposition.

### **Timetable and conditions**

- It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the 2006 Act (although Bidco reserves the right to effect the Acquisition by way of an Offer, subject to the consent of the Panel and the terms of the Cooperation Agreement).
- The terms of the Scheme will be put to HL Shareholders at the Court Meeting and the Resolutions will be put to HL Shareholders at the General Meeting. The Court Meeting and the General Meeting are required to enable HL Shareholders to consider and, if thought fit, vote in favour of the Scheme and the Resolutions to implement the Scheme.
- In order to become Effective:
  - the Scheme must be approved by a majority in number of Scheme Shareholders, present and voting and entitled to vote at the Court Meeting, whether in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by such Scheme Shareholders;
  - the Resolutions include a special resolution in connection with implementing the Scheme which must be passed by HL Shareholders representing at least 75 per cent. of the votes cast at the General Meeting; and
  - following the Meetings, the Scheme must be sanctioned by the Court.
- The Acquisition is subject to the satisfaction or, where applicable, waiver of the Conditions. The Conditions to the Acquisition are set out in full in Appendix 1 to this announcement along with certain other terms; the full terms and conditions will be provided in the Scheme Document. The Conditions include the receipt of regulatory approvals, including: (i) the receipt or waiver of China Antitrust Clearance, EU Antitrust Clearance, Swiss Antitrust Clearance, Turkish Antitrust Clearance and UK Antitrust Clearance; and (ii) the receipt of approval of the change in control of certain regulated entities within the HL Group by the FCA (or it otherwise being regarded under FSMA as having approved the same), each as further described in this announcement.
- It is expected that the Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and General Meeting, together with the associated forms of proxy and the Form of Election, will be published as soon as practicable and in any event within 28 days of this announcement (or such later time as HL, Bidco and the Panel agree) and the Meetings are expected to be held as soon as reasonably practicable thereafter. Subject to certain restrictions relating to persons resident in Restricted Jurisdictions, the Scheme Document will also be made available following publication on HL's website at [www.hl.co.uk/investor-relations](http://www.hl.co.uk/investor-relations).
- The Acquisition is currently expected to complete during the first quarter of 2025, subject to the satisfaction or (where applicable) waiver of the Conditions. An expected timetable of key events relating to the Acquisition will be set out in the Scheme Document.

- Commenting on this announcement, Alison Platt, the Chair of HL, said:

*“HL is on an important journey to transform the saving and investing experience for clients and make it easy to save and invest for a better future.*

*While the Independent HL Board has been pleased with the progress made by the new management team, the Independent HL Board believes that the Cash Offer represents an attractive opportunity for HL Shareholders to realise an immediate and certain cash value for their investment at a level which may not be achievable until the execution of the strategy is delivered over the medium to longer term, and therefore intends to unanimously recommend HL Shareholders vote to approve it.*

*We are pleased to see that the Consortium is aligned that HL has an important purpose making it easy for the UK consumer to save and invest for a better future.”*

- Commenting on this announcement, Pev Hooper, Managing Partner at CVC Private Equity Group, Emil Anderson, Partner at Nordic Capital Advisors and Hamad Shahwan Aldhaheri, Executive Director of the Private Equities Department at ADIA said:

*“HL has an important purpose: to make it easy for people to save and invest for a better future. Over the 40 years since it was founded, HL has built a strong, trusted brand, underpinned by high levels of customer loyalty and advocacy. As a consortium, we are aligned with management that, despite these strengths, the company now requires substantial investment in an extensive technology-led transformation to improve HL’s proposition and resilience, and to drive the next phase of HL’s growth and development.*

*The Consortium brings extensive experience in supporting businesses undergoing transformation, and its members have long records of investing in regulated financial services companies to build better businesses and create better customer experiences.*

*We look forward to partnering with HL’s management to accelerate its transformation plan – including investment in technology infrastructure, digital channels, and service enhancement – all with client value, service, speed of innovation, and HL’s clear purpose at the core.”*

**This summary should be read in conjunction with, and is subject to, the full text of this announcement (including its Appendices). The conditions to, and certain further terms of, the Acquisition are set out in Appendix 1 and will be set out in full in the Scheme Document. The bases and sources for certain financial information contained in this summary and this announcement are set out in Appendix 2. Details of the irrevocable undertakings and non-binding written confirmations of intent received by Bidco are set out in Appendix 3. Details of Topco and the Rollover Securities are set out in Appendix 4. Certain definitions and terms used in this announcement are set out in Appendix 5.**

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Kirkland & Ellis International LLP is acting as legal adviser to Bidco and Nordic Capital XI Delta. Latham & Watkins (London) LLP is acting as legal adviser to CVC. Linklaters LLP is acting as legal adviser to Platinum Ivy.

Freshfields Bruckhaus Deringer LLP is acting as legal adviser to HL.

### **Further information**

*Goldman Sachs International (“**Goldman Sachs**”), which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom is acting exclusively for Bidco and the Consortium as financial advisers and no one else in connection with the Acquisition and other matters set out in this announcement and will not be responsible to anyone other than Bidco and the Consortium for providing the protections afforded to clients of Goldman Sachs, nor for providing advice in connection with the Acquisition, the content of this announcement or any matter referred to herein. Neither Goldman Sachs nor any of Goldman Sachs’ 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 Goldman Sachs in connection with this announcement, any statement contained herein or otherwise.*

*Fenchurch Advisory Partners LLP (“**Fenchurch**”), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for HL and no one else in connection with the Acquisition described in this announcement and accordingly will not be responsible to anyone other than HL for providing the protections afforded to its clients nor for providing advice in relation to the matters described in this announcement.*

*Barclays Bank PLC (“**Barclays**”), acting through its Investment Bank, is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for HL and no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than HL for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Acquisition, the content of this announcement or any other matter referred to in this announcement.*

*Numis Securities Limited (“**Deutsche Numis**”), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for HL and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than HL for providing the protections afforded to clients of Deutsche Numis, nor for providing advice in relation to any matter referred to herein. Neither Deutsche Numis nor any of its affiliates (nor any of their respective directors, officers, employees or agents), owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Deutsche Numis in connection with this announcement, any statement contained herein or otherwise.*

*Morgan Stanley & Co. International plc (“**Morgan Stanley**”) which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom is acting as special financial adviser exclusively for the Independent HL Board and no one else in connection with the matters contained in this announcement Morgan Stanley, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any person other than the Independent HL Board for providing the protections afforded to clients of Morgan Stanley or for providing advice with the matters contained in this announcement or any other matter referred to herein.*

*This announcement is for information purposes only and 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 or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of HL in any jurisdiction in contravention of applicable law. The Acquisition will be made solely by means of the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document), which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any vote in respect of the Scheme or other response in relation to the Acquisition should be made only on the basis of the information contained in the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document). HL and Bidco encourage HL Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Acquisition.*

*This announcement does not constitute a prospectus, prospectus equivalent document or exempted document.*

*This announcement contains inside information in relation to HL for the purposes of Article 7 of the Market Abuse Regulation. The person responsible for arranging the release of this announcement on behalf of HL is Claire Chapman, Group General Counsel and Company Secretary. HL's Legal Entity Identifier is 2138008ZCE93ZDSESG90.*

***If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under the FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.***

### **Overseas shareholders**

*The release, publication or distribution of this announcement in or into jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves of, and observe, any applicable legal or regulatory requirements. Any failure to comply with such requirements may constitute a violation of the securities laws of any 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. This announcement has been prepared in accordance with and for the purpose of complying with English law, the Takeover Code, the Market Abuse Regulation, the Listing Rules and the Disclosure Guidance and Transparency Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.*

*The availability of the Acquisition (including the Alternative Offer) to HL Shareholders who are not resident in and citizens of the UK may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. In particular, the ability of persons who are not resident in the UK to vote their HL Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition (including*

*the Alternative Offer) disclaim any responsibility or liability for the violation of such restrictions by any person.*

*Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition (including the Alternative Offer) will not be made available, in whole or in part, directly or indirectly, in, into, from, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail 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 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 Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this announcement and any formal documentation relating to the Acquisition (including the Alternative Offer) are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including, without limitation, agents, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer (including the Alternative Offer) may not be made directly or indirectly, in, into, from, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail 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 the Offer (including the Alternative Offer) may not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.*

*HL Shareholders should be aware that the transaction contemplated herein may have tax consequences and that such consequences, if any, are not described herein. HL Shareholders are urged to consult with appropriate legal, tax and financial advisers in connection with the consequences of the Acquisition (including any election for the Alternative Offer) on them. It is intended that the Bidco Rollover Securities, Finco Rollover Securities, Midco 2 Rollover Securities and Midco 1 Rollover Securities constitute non-qualifying corporate bonds for holders of such securities who are UK tax resident individuals.*

*Further details in relation to Overseas Shareholders will be included in the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document).*

### **Notice to U.S. HL Shareholders**

*The Acquisition relates to the shares of an English company with a listing on the London Stock Exchange and is being made by means of a scheme of arrangement provided for under English law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Exchange Act. Accordingly, the Scheme is subject to the disclosure requirements and practices applicable in the UK to takeover offers and schemes of arrangement which differ from the disclosure requirements of the U.S. tender offer and proxy solicitation rules. The financial information included in this announcement has been prepared in accordance with generally accepted accounting principles of the UK and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*

*If, in the future, Bidco exercises its right to implement the Acquisition by way of an Offer, which is to be made into the U.S., such Offer will be made in compliance with applicable U.S. laws and regulations.*

*It may be difficult for US holders of HL Shares to enforce their rights and any claim arising out of U.S. federal laws, since Bidco and HL are located in a non-U.S. jurisdiction, and some or all of their officers and directors may be residents of a non-U.S. jurisdiction. US holders of HL Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgement.*

*In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, Bidco, its nominees or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, HL Shares outside of the U.S., other than pursuant to the Acquisition, until the date on which the Acquisition becomes Effective, lapses or is otherwise withdrawn. Also, in accordance with Rule 14e-5(b) of the US Exchange Act, Goldman Sachs will continue to act as an exempt principal trader in HL Shares on the London Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website, [www.londonstockexchange.com](http://www.londonstockexchange.com).*

*U.S. HL Shareholders also should be aware that the transaction contemplated herein may have tax consequences in the U.S. and that such consequences, if any, are not described herein. U.S. HL Shareholders are urged to consult with appropriate legal, tax and financial advisers in connection with the tax consequences of the Acquisition applicable to them.*

*The Rollover Securities issued under the Alternative Offer will not be registered under the US Securities Act or under relevant securities laws of any state or territory or other jurisdiction of the United States. Bidco expects to issue the Rollover Securities in reliance upon the exemption from the registration requirements under the US Securities Act provided by Section 3(a)(10) thereof ("**Section 3(a)(10)**"). Section 3(a)(10) exempts securities issued in specified exchange transactions from the registration requirement under the US Securities Act where, among other requirements, the fairness of the terms and conditions of the issuance and exchange of such securities have been approved by a court or governmental authority expressly authorised by law to grant such approval, after a hearing upon the fairness of the terms and conditions of the exchange at which all persons to whom the Rollover Securities are proposed to be issued have the right to appear (and will not encounter any improper impediments to appear) and receive adequate and timely notice thereof. If the exemption afforded by Section 3(a)(10) is not available to Bidco, then Bidco expects to avail itself of another available exemption to the registration requirements under the US Securities Act. If Bidco exercises its right to implement the acquisition of the HL Shares by way of an Offer, the Rollover Securities will not be offered in the U.S. except pursuant to an exemption from or in a transaction not subject to registration under the US Securities Act.*

*The Rollover Securities will not be listed on any stock exchange. Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved of the Alternative Offer or has determined or will determine if the Scheme Document is accurate or complete. Any representation to the contrary is a criminal offence.*

## **Forward looking statements**

*This announcement (including information incorporated by reference in this announcement), statements made regarding the Acquisition, and other information published by Bidco and HL contain statements which are, or may be deemed to be, “forward-looking statements”. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and HL about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.*

*The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on Bidco and HL (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “prepares”, “plans”, “expects” or “does not expect”, “is expected”, “is subject to”, “budget”, “projects”, “synergy”, “strategy”, “scheduled”, “goal”, “estimates”, “forecasts”, “cost-saving”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Forward looking statements may 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 Bidco’s, HL’s, any member of the Bidco Group or any member of the HL Group’s operations and potential synergies resulting from the Acquisition; and (iii) the effects of global economic conditions and governmental regulation on Bidco’s, HL’s, any member of the Bidco Group or any member of the HL Group’s business.*

*Although Bidco and HL believe that the expectations reflected in such forward-looking statements are reasonable, Bidco and HL can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.*

*These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms and schedule; changes in the global political, economic, business and competitive environments and in market and regulatory forces; changes in future exchange and interest rates; changes in tax rates; future business combinations or disposals; changes in general economic and business conditions; changes in the behaviour of other market participants; changes in the anticipated benefits from the Acquisition not being realised as a result of changes in general economic and market conditions in the countries in which Bidco and HL operate, weak, volatile or illiquid capital and/or credit markets, changes in tax rates, interest rate and currency value fluctuations, the degree of competition in the geographic and business areas in which Bidco and HL operate and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results may differ materially from those expected,*

*estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors. Neither Bidco nor HL, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place any reliance on these forward-looking statements. The forward-looking statements speak only at the date of this announcement. All subsequent oral or written forward-looking statements attributable to Bidco or any member of the Wider Bidco Group or the HL Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.*

*Other than in accordance with their legal or regulatory obligations, neither Bidco nor HL is under any obligation, and Bidco and HL expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

### **Dealing and opening position disclosure requirements**

*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) of the Takeover Code applies must be made by no later than 3.30 p.m. (London time) on the 10<sup>th</sup> business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10<sup>th</sup> 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.*

*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).*

*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 a website**

*A copy of this announcement and the documents required to be published under Rule 26 of the Takeover Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on HL's website at [www.hl.co.uk/investor-relations](http://www.hl.co.uk/investor-relations) by no later than 12 noon (London time) on the Business Day following this announcement. For the avoidance of doubt, neither the content of this website nor of any website accessible from any hyperlinks set out in this announcement is incorporated by reference or form part of this announcement.*

### **No profit forecasts, estimates or quantified benefits statements**

*No statement in this announcement is intended as a profit forecast, profit estimate or quantified benefits statement for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for HL for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for HL.*

### **Requesting Hard Copy Documents**

*In accordance with Rule 30.3 of the Takeover Code, HL Shareholders, persons with information rights and participants in HL Share Plans may request a hard copy of this announcement (and any document or information incorporated into it by reference to another source) by contacting HL's registrars, Equiniti, by writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, United Kingdom, BN99 6DA or by calling them during business hours on 0371 384 2030 from within the UK or on +44 371 384 2030 if calling from outside the UK. For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement (and any document or information incorporated by reference into this announcement) will not be sent unless so requested. In accordance with Rule 30.3 of the Takeover Code, such persons may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be sent in hard copy form.*

### **Electronic communications**

*Please be aware that addresses, electronic addresses and certain other information provided by HL Shareholders, persons with information rights and other relevant persons for the receipt of communications from HL may be provided to Bidco during the offer period as required*



*under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.*

### **Rounding**

*Certain figures included in this announcement 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 figures that precede them.*

### **General**

*Bidco reserves the right to elect, with the consent of the Panel (where necessary) and subject to the terms of the Cooperation Agreement, to implement the Acquisition by way of an Offer as an alternative to the Scheme. In such an event, such an Offer will be implemented on substantially the same terms, so far as applicable, as those which would apply to the Scheme (subject to appropriate amendments to reflect the change in method of implementation and the terms of the Cooperation Agreement).*

*If the Acquisition is effected by way of an Offer, and such an Offer becomes or is declared unconditional and sufficient acceptances are received, Bidco intends to exercise its rights to apply the provisions of Chapter 3 of Part 28 of the 2006 Act so as to acquire compulsorily the remaining HL Shares in respect of which the Offer has not been accepted.*

*Investors should be aware that Bidco may purchase HL Shares otherwise than under any Offer or the Scheme, including pursuant to privately negotiated purchases.*

### **Disclaimer**

*The Acquisition will be subject to English law, the jurisdiction of the Court, and the applicable requirements of the 2006 Act, the Takeover Code, the Panel, the London Stock Exchange and the FCA.*

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

**FOR IMMEDIATE RELEASE**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**9 August 2024**

**RECOMMENDED FINAL\* CASH ACQUISITION**

**of**

**Hargreaves Lansdown plc**

**by**

**Harp Bidco Limited**

**(a newly formed company to be indirectly owned by CVC Private Equity Funds, Nordic Capital XI Delta, SCSp (acting through its general partner, Nordic Capital XI Delta GP SARL) and Platinum Ivy B 2018 RSC Limited)**

**to be implemented by means of a scheme of arrangement  
under Part 26 of the Companies Act 2006**

## **1 INTRODUCTION**

The independent directors of HL and the board of directors of Bidco are pleased to announce that they have reached agreement on the terms and conditions of a recommended final\* cash acquisition by Bidco of the entire issued, and to be issued, ordinary share capital of HL.

It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the 2006 Act. Bidco reserves the right to effect the Acquisition by way of an Offer, subject to the consent of the Panel and the terms of the Cooperation Agreement. The Conditions to and further terms of the Acquisition are set out in Appendix 1 to this announcement and the full terms and conditions of the Acquisition will be set out in the Scheme Document.

\* The financial terms of the Cash Offer and the Alternative Offer are final and will not be increased or improved, except that Bidco reserves the right to increase the amount of the Cash Consideration and improve the financial terms of the Alternative Offer if there is an announcement on or after the date of this announcement of an offer or a possible offer for HL by a third party offeror or potential offeror. Bidco reserves the right to elect to implement the Acquisition by way of an Offer as an alternative to the Scheme (with the consent of the Panel (where necessary) and subject to the terms of the Cooperation Agreement (if applicable)).

## 2 THE ACQUISITION

Under the terms of the Acquisition, which will be subject to the Conditions and further terms set out in Appendix 1 to this announcement and the full terms and conditions to be set out in the Scheme Document, each HL Shareholder will be entitled to receive:

**for each HL Share: 1,140 pence in cash**

comprised of:

- cash consideration of 1,110 pence per HL Share (the “**Cash Consideration**”); and
- a dividend of 30 pence per HL Share in respect of the Financial Year ended 30 June 2024 (the “**2024 Full-Year Dividend**”),

together, the “**Cash Offer**”.

The 2024 Full-Year Dividend is expected to be paid by HL by no later than the end of November 2024.

The Cash Offer values HL’s entire issued, and to be issued, ordinary share capital at approximately £5,443 million on a fully diluted basis.

The Cash Offer represents a premium of approximately:

- 54.1 per cent. to the Closing Price of 740.0 pence per HL Share on 11 April 2024 (being the last Business Day before the Consortium’s initial approach to the HL Board);
- 48.5 per cent. to the volume-weighted average price of 767.7 pence per HL Share for the three-month period ended 21 May 2024 (being the last Business Day before the commencement of the Offer Period); and
- 51.7 per cent. to the volume-weighted average price of 751.5 pence per HL Share for the six-month period ended 21 May 2024 (being the last Business Day before the commencement of the Offer Period).

**The financial terms of the Cash Offer and the Alternative Offer (as described below) are final\* and will not be increased or improved, except that Bidco reserves the right to increase the amount of the Cash Consideration and improve the financial terms of the Alternative Offer if there is an announcement on or after the date of this announcement of an offer or a possible offer for HL by a third party offeror or potential offeror. Bidco reserves the right to elect to implement the Acquisition by way of an Offer as an alternative to the Scheme (with the consent of the Panel (where necessary) and subject to the terms of the Cooperation Agreement (if applicable)).**

### Alternative Offer

As an alternative to the Cash Consideration, eligible HL Shareholders may elect to exchange some or all of their HL Shares for rollover loan notes issued by Bidco which will, subject to implementation of the Rollover, ultimately be exchanged for rollover ordinary

shares in the capital of Topco having the rights of “Rollover Shares” set out in the Topco Articles (as amended from time to time), subject to the terms and conditions of the Alternative Offer (detailed in paragraph 12 below). Eligible HL Shareholders will be able to elect for the Alternative Offer in relation to some or all of their holding of HL Shares and will receive (subject to implementation of the Rollover):

**for each HL Share: 1 Rollover Security**

If the Scheme becomes Effective, assuming all eligible HL Shareholders validly elect to receive consideration by means of the Alternative Offer in respect of 35 per cent. of their holding of HL Shares and no such elections are scaled back as a result of the US Holders Cap or the Shareholding Cap, following satisfaction of the Cash Consideration and the issuance of the Rollover Securities, HL Shareholders will hold up to 35 per cent. of the economic rights in Topco. Following the implementation of the Rollover, Consortium JVCo will subscribe for Topco A Ordinary Shares (at the same subscription price per share as Consortium JVCo paid in respect of its subscription for Topco A Ordinary Shares to fund the payment of the Cash Consideration to HL Shareholders) for an aggregate subscription amount equal to the total costs and expenses incurred and to be incurred by or on behalf of the Topco Group and the Consortium Members in connection with the Acquisition. This issuance will be implemented on a non-pre-emptive basis in order to enable the relevant members of the Topco Group to settle such costs and expenses, meaning that holders of Rollover Securities will not be entitled to participate and their economic rights in Topco will therefore be diluted by such issuance (the date on which such issuance is completed being the “**Costs Issuance Date**”). Such costs and expenses incurred and to be incurred in connection with the Acquisition are currently expected to be approximately £100 million, which would result in a limited dilution of participating HL Shareholders of up to approximately 3 per cent. of the holding of HL Shareholders who elect to receive the Rollover Securities. An updated estimate of such costs and expenses will be included in the Scheme Document. For the avoidance of doubt, electing for the Alternative Offer will not affect the eligibility of HL Shareholders in relation to the 2024 Full-Year Dividend.

The Rollover Securities will be independently valued by Goldman Sachs (as financial adviser to Bidco) and an estimate of the value of the Rollover Securities, together with the assumptions, qualifications and caveats forming the basis of that estimate of value, will be set out in a letter to be included in the Scheme Document. Further information about the Rollover Securities and the Alternative Offer are set out in paragraphs 12, 13 and 14 and Appendix 4 below and will be included in the Scheme Document.

Holders of Rollover Securities may be diluted over time, potentially significantly, should holders of Rollover Securities not elect to participate in further issues of additional shares, loan notes or other securities of the Topco Group. In addition, holders of Rollover Securities shall not always be entitled to participate in such issues and the holder(s) of a majority of the Rollover Securities (also referred to as the “Topco B Ordinary Shares”) in issue at the relevant time (a “**Topco B Shareholder Majority**”) may agree with Consortium JVCo to waive the right to participate in any such issue on behalf of all holders of Rollover Securities.

2024 Full-Year Dividend

The HL Directors have today proposed the 2024 Full-Year Dividend for the Financial Year ended 30 June 2024. The 2024 Full-Year Dividend is expected to be paid no later than the

end of November 2024 to HL Shareholders on the register of members of HL at the relevant record time. If the 2024 Full-Year Dividend is for any reason not approved by HL Shareholders for payment by reference to a record date that falls before the Effective Date, the HL Directors expect to declare the 2024 Full-Year Dividend instead as an interim dividend payable to HL Shareholders on the register of members of HL at a record time prior to the Acquisition becoming Effective.

HL Shareholders who are not entitled to receive the 2024 Full-Year Dividend, including HL Shareholders who are not on the register of members of HL at the relevant record time in respect of the 2024 Full-Year Dividend, shall receive the Cash Consideration and/or (subject to implementation of the Rollover) Rollover Securities (if applicable) only.

#### Other terms of the Acquisition

The HL Shares will be acquired pursuant to the Acquisition fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto as at the Effective Date, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid with a record date on or after the Effective Date.

If, on or after the date of this announcement and prior to the Acquisition becoming Effective, any dividend and/or other distribution and/or other return of capital or value, other than the 2024 Full-Year Dividend, is announced, declared, made or paid or becomes payable in respect of the HL Shares (in each case, with a record date prior to the Effective Date), Bidco will reduce the Cash Consideration payable under the terms of the Cash Offer (and, as the case may be, the number of Rollover Securities due, subject to implementation of the Rollover, under the terms of the Alternative Offer) at such date by an amount up to the amount of such dividend and/or distribution and/or other return of capital or value, in which case, any reference in this announcement to the Cash Consideration payable under the terms of the Cash Offer (or consideration due under the Alternative Offer) will be deemed to be a reference to the consideration as so reduced. Any such reduction of the Cash Consideration payable under the terms of the Cash Offer (and, as the case may be, the number of Rollover Securities due, subject to implementation of the Rollover, under the terms of the Alternative Offer) by Bidco 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 Scheme or the Acquisition. In the event of any such reduction of the Cash Consideration payable under the terms of the Cash Offer (and, as the case may be, the number of Rollover Securities due, subject to implementation of the Rollover, under the terms of the Alternative Offer), HL Shareholders would be entitled to retain the relevant dividend, distribution and/or other return of capital or value.

- \* The financial terms of the Cash Offer and the Alternative Offer are final and will not be increased or improved, except that Bidco reserves the right to increase the amount of the Cash Consideration and improve the financial terms of the Alternative Offer if there is an announcement on or after the date of this announcement of an offer or a possible offer for HL by a third party offeror or potential offeror. Bidco reserves the right to elect to implement the Acquisition by way of an Offer as an alternative to the Scheme (with the consent of the Panel (where necessary) and subject to the terms of the Cooperation Agreement (if applicable)).

### **3 BACKGROUND TO AND REASONS FOR THE ACQUISITION**

Bidco views HL as one of the leading UK investment platforms with an impressive position and a strong purpose in the attractive UK wealth market. HL is expected to benefit from numerous tailwinds over the coming decade, driven by increased individual responsibility for savings, pension freedom, an aging population, further digitalisation of the wealth process, the increasing importance of data, and AI-led activities. At the same time, the direct-to-consumer market will become significantly more competitive, driven by a combination of increasing sophistication of established competitors, technology advancements and new entrants continuing to disrupt the market.

Since it was founded in 1981, HL has built an impressive market position, widespread brand awareness, trusted position, and high customer Net Promoter Scores. HL has a strong brand heritage and is operating in a market where holding one of the leading market positions provides opportunities for relative outperformance, as well as capitalising on scale benefits to improve the client proposition, cost-to-serve and value. Bidco believes that HL is fundamentally well-positioned to maintain, and build on, its market position to deliver growth despite increasing competition and other near-term headwinds.

HL has an important purpose; making it easy for the UK consumer to save and invest for a better future. Bidco understands HL has a responsibility to support clients, throughout their savings lifetime, be better in managing their financial wealth and enabling clients to get the right outcomes; regardless of their accessibility needs.

Bidco supports the important role HL plays in promoting savings and investing in society and believes that a substantial transformation is required to accelerate the delivery of these objectives for HL's clients. The ambition of this transformation is to give more retail investors in the UK access to the tools, information and services required to make sound investment decisions, combined with a transparent approach and good value in line with Consumer Duty.

A transformation of the scale Bidco envisages as appropriate requires investment, in particular in the technology platform to position HL to offer its clients user-friendly digital channels, inspiring client journeys (both online and through the Helpdesk) and differentiated financial products. Further investment by Bidco in the technology platform is expected to improve operational resilience, enhance capacity in systems, and deliver significant scalability and operating leverage in its cost base going forward.

HL will be repositioned and further strengthened by the transformation. However, to deliver such a transformation, it will require change, investment, time to implement fully and time for the benefits to be reflected in the future financial performance of HL. As a result, Bidco believes HL will be able to execute more effectively, accelerate implementation and deliver the growth potential of its transformation plan better as a private company without all the requirements of a public company.

CVC Private Equity Funds, Nordic Capital and Platinum Ivy (a wholly-owned subsidiary of ADIA, managed by ADIA PED) and its affiliates each have a strong track record of deploying capital, expertise in successfully accelerating and delivering complex transformations and extensive experience in investing across regulated financial services companies globally and in the UK. With their investment and detailed engagement through Bidco, CVC Private Equity Funds, Nordic Capital and Platinum Ivy and its affiliates will

leverage their highly relevant experience and capabilities developed through prior investments, including Nordic Capital's investment in Nordnet, the digital savings and investment platform in the Nordics. CVC Private Equity Group, Nordic Capital and Platinum Ivy believe that, following the completion of the Acquisition, they will be able to accelerate and enhance the transformation of HL as a private company for the benefit of clients, employees and other stakeholders.

#### **4 HL RECOMMENDATION**

##### Cash Offer

The HL Independent Directors, who have been so advised by Fenchurch, Barclays, Deutsche Numis and Morgan Stanley as to the financial terms of the Cash Offer, consider the terms of the Cash Offer to be fair and reasonable. In providing their financial advice to the HL Independent Directors, Fenchurch, Barclays, Deutsche Numis and Morgan Stanley have taken into account the commercial assessments of the HL Independent Directors. Fenchurch is providing independent financial advice to the HL Independent Directors for the purposes of Rule 3 of the Takeover Code.

Accordingly, the HL Independent Directors intend to unanimously recommend HL Shareholders to vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting as they have irrevocably undertaken to do in respect of their own HL Shares (representing, in aggregate, approximately 0.01 per cent. of the issued ordinary share capital of HL as at 8 August 2024, being the last Business Day before the date of this announcement). Further details of these undertakings, including the circumstances in which they cease to be binding, are set out in Appendix 3 to this announcement.

Adrian Collins, a non-executive director of HL, is not considered by HL to be independent for the purposes of the Acquisition by virtue of his appointment to the HL Board as a representative of Peter Hargreaves (a founder and existing major shareholder of HL who the HL Independent Directors believed the Consortium may seek to engage with early on in the pre-announcement period). Adrian Collins has not been treated as a HL Independent Director and has not participated in the consideration of the Acquisition by the HL Independent Directors or the decision of the HL Independent Directors to recommend the Cash Offer as set out above.

##### Alternative Offer

As mentioned in paragraph 2 of this announcement, Bidco and the Consortium are also separately making an Alternative Offer which eligible HL Shareholders may elect for in respect of some or all of their HL Shares as an alternative to the Cash Consideration.

Fenchurch, Barclays, Deutsche Numis and Morgan Stanley are unable to advise the HL Independent Directors as to whether or not the terms of the Alternative Offer are fair and reasonable. This is because Fenchurch, Barclays, Deutsche Numis and Morgan Stanley have not had any involvement in the development and validation of any financial projections for Topco or the Topco Group. As a result, Fenchurch, Barclays, Deutsche Numis and Morgan Stanley are unable to assess any plans Topco may have for the development of HL or the Topco Group to the degree necessary to form an assessment of the value of the Alternative Offer. Fenchurch, Barclays, Deutsche Numis and Morgan Stanley also note the significant and variable impact that the disadvantages and advantages

of the Alternative Offer may have for individual eligible HL Shareholders. In terms of the advantages, these include, in particular, the ability to participate in the potential future value creation of the HL Group. In terms of the disadvantages, these include, in particular, the level of uncertainty in their future value which will depend on the performance of HL in future which itself will be impacted by the business plan and strategy of the business under Consortium JVCo's control, as well as the terms of the Rollover Securities including the fact that the Rollover Securities are illiquid and non-transferable (save in very limited circumstances such as with Consortium JVCo consent or pursuant to drag along and tag along provisions), the potential dilution that would result if a Topco B Shareholder did not fund their pre-emptive entitlement pursuant to any catch-up issue of securities by Topco in the period following the Effective Date or in the event a permitted non-pre-emptive issue of securities is made without reference to such catch-up rights and the fact that the Rollover Securities do not carry voting rights.

**Accordingly, the HL Independent Directors are unable to form an opinion as to whether or not the terms of the Alternative Offer are fair and reasonable and are not making any recommendation to eligible HL Shareholders as to whether or not they should elect for the Alternative Offer.**

In reviewing the terms of the Alternative Offer proposed by Bidco and the Consortium, the HL Independent Directors, Fenchurch, Barclays, Deutsche Numis and Morgan Stanley have identified certain key disadvantages and advantages of electing for the Alternative Offer as set out below. Further investment considerations are outlined in paragraph 14 of this announcement.

Each of the HL Independent Directors has confirmed that they do not intend to elect for the Alternative Offer in respect of any HL Shares of which they are the registered or beneficial holder, and that they instead wish to receive the Cash Consideration pursuant to the terms of the Cash Offer.

HL Shareholders are encouraged to take into account the key advantages and disadvantages outlined below and the investment considerations and the risk factors set out in paragraph 14 below in relation to the Alternative Offer, as well as their particular circumstances, when deciding whether to elect for the Alternative Offer in respect of some or all of their HL Shares. HL Shareholders should also ascertain whether acquiring or holding Rollover Securities is affected by the laws of the relevant jurisdiction in which they reside and consider whether Rollover Securities are a suitable investment in light of their own personal or individual circumstances. Accordingly, HL Shareholders are strongly recommended to seek their own independent financial, tax and legal advice in light of their own particular circumstances and investment objectives before deciding whether to elect for the Alternative Offer. Any decision to elect for the Alternative Offer should be based on any such independent financial, tax and legal advice and full consideration of the information in this announcement, the Topco Shareholders' Agreement, the Topco Articles and the Scheme Document (when published).

#### *Disadvantages of electing for the Alternative Offer*

- The Rollover Securities will be:
  - unlisted and will not be admitted to trading on any stock exchange or market for the trading of securities and will therefore be illiquid. Any assessment of the value of



the Rollover Securities should therefore take into account an individual shareholder's assessment of an appropriate liquidity discount;

- non-transferrable (save in very limited circumstances such as with the prior consent of Consortium JVCo, to limited permitted transferees, or pursuant to the drag along and tag along provisions or otherwise in connection with an Exit initiated by Consortium JVCo or the Consortium); and
  - of uncertain value and there can be no assurance that they will be capable of being sold in the future or that they will be capable of being sold at the value to be estimated by Goldman Sachs in the Scheme Document.
- Upon the Effective Date, the Topco Group will be controlled by Consortium JVCo. The Rollover Securities will not carry any general voting rights (whether at a general meeting or pursuant to a written resolution of Topco) nor any governance rights (except those associated with any Substantial B Shareholder) other than very limited minority protections prescribed by Jersey law (including in relation to a variation of their class rights) and rights in respect of a very limited number of reserved matters (being those matters set out in paragraph 5 of Appendix 4 to this announcement) which require the consent of the Substantial B Shareholder(s). Further, no holders of Rollover Securities other than the Substantial B Shareholder(s) will have the right to appoint directors to the board of Topco. Holders of Rollover Securities will therefore have no influence over decisions made by the Topco Group in relation to its investment in HL or in any other business or in relation to any member of the Topco Group's (or HL Group's) strategy.
  - Any Exit, Indirect Liquidity Event or Refinancing will occur at the sole discretion of Consortium JVCo and holders of Rollover Securities will therefore not have control over the date(s), terms or value(s) on or at which they may be able to realise their investment in the Topco Group (if at all). In particular:
    - holders of Rollover Securities may be required in the future to sell their Rollover Securities on a pro rata basis on the same terms at those agreed to by Consortium JVCo under the terms of a 'drag along' provision set out in the Topco Shareholders' Agreement. There is no requirement for Consortium JVCo or any of its affiliates to proceed with an Exit or to do so at any particular minimum price or, if they do proceed with an Exit, to exercise the 'drag along' right, and certain exceptions to the 'drag along' right apply. This 'drag along' right could be exercised at any time following completion of the Acquisition, including at a value that is less than the value of the Cash Consideration. In the event of only a partial exit by Consortium JVCo or its affiliates, the drag would not provide a full exit for holders of Rollover Securities. The 'drag along' right described above could be exercised at any time following completion of the Acquisition. Any transfer triggering the 'drag along' right may be at a value that is less than the value of the Cash Consideration and the consideration payable to holders of Rollover Securities in such circumstances may or may not be cash;
    - in relation to the 'tag along' right in the Topco Shareholders' Agreement:
      - it is only exercisable by holders of Rollover Securities on a direct or indirect transfer of Topco A Ordinary Shares at any time when Consortium JVCo, the Consortium Members and/or their affiliates together hold, or would as a result of the relevant transfer hold, directly or indirectly, less than 90 per cent. of the Topco A Ordinary

Shares in issue on the Costs Issuance Date and on any direct or indirect transfer of Topco A Ordinary Shares by Consortium JVCo, the Consortium Members or their affiliates thereafter. Certain exceptions apply which would therefore not give rise to a 'tag along' right (and in respect of which there is no subsequent 'tag along' right), including (amongst others) (i) any initial transfers of up to 10 per cent. of the Topco A Ordinary Shares in issue on the Costs Issuance Date, (ii) in relation to transfers in connection with a Refinancing, or (iii) in connection with a syndication of equity interests by Consortium JVCo or its affiliates. Therefore, this 'tag along' right may not provide for a full (or any) exit for holders of Rollover Securities;

- it enables holders of Rollover Securities to sell Rollover Securities only pro rata to the proportion of Topco A Ordinary Shares transferred by Consortium JVCo or its affiliates in the transaction(s) giving rise to the 'tag along' right. Therefore, if Topco A Ordinary Shares have been transferred pursuant to one of the exceptions to the 'tag along' right, then the 'tag along' right would not apply to the subsequent transfer of those shares by such transferee;
- there is no requirement for Consortium JVCo to transfer Topco A Ordinary Shares on any known timeline;
- holders of Rollover Securities who exercise the 'tag along' right described above will be required to agree to the same terms and conditions as Consortium JVCo (or, if applicable the Consortium Members or their affiliates) in relation to the relevant transfer, including as to price and any covenants as a selling shareholder. The consideration payable to holders of Rollover Securities in such circumstances may or may not be cash and is not subject to any minimum threshold; and
- in the event of any Exit, Indirect Liquidity Event or Refinancing, holders of Rollover Securities will be required to cooperate with the Topco Group and Consortium JVCo, including to provide certain covenants, indemnities and commitments in connection with such process and to agree to pay their pro rata share of related costs incurred by or attributable to the Topco Group and bear related liabilities. Holders of Rollover Securities will undertake upon entering into the Topco Shareholders' Agreement not to take actions which are inconsistent with any proposed Exit, Indirect Liquidity Event or Refinancing.
- The rights of holders of Rollover Securities to participate in future issues of securities by Topco will apply on a catch-up basis only (i.e. to allow holders of Rollover Securities the opportunity to take up their pro rata entitlements to securities following completion of a related issue of securities to the Topco A Shareholders or other persons) and will be subject to a number of important exceptions (described in paragraph 7 of Appendix 4 to this announcement, including the ability of the holder(s) of a majority of the Rollover Securities to waive catch-up rights in connection with issues of securities by any member of the Topco Group). Such events may result in the economic entitlements of holders of Rollover Securities suffering significant dilution. Any securities issued by members of the Topco Group in future may have different (including, potentially, preferential) rights or characteristics to the Rollover Securities.
- The percentage ownership of Topco attributable to holders of Rollover Securities who do not provide the cash funds or related documentation required to accept their entitlements

pursuant to any catch-up issue of securities by any member of Topco Group in the period following the Effective Date would be significantly reduced. The price of and valuation methodology in relation to such further issuances is not known and may be different to the value per Rollover Security to be estimated by Goldman Sachs in the Scheme Document.

- The HL Shares are currently admitted to trading on the Main Market of the London Stock Exchange and HL Shareholders are afforded certain standards and protections, including in respect of disclosure, as a result. HL Shareholders who, subject to implementation of the Rollover and the other terms in this announcement, receive Rollover Securities (being unlisted securities in a private company) will not be afforded protections commensurate with those that they currently benefit from as shareholders in HL. Except for information to be provided to persons who qualify as Substantial B Shareholders (but not to other holders of Rollover Securities), neither the Topco Articles nor the Topco Shareholders' Agreement will provide holders of Rollover Securities with information rights, and the default information rights available to minority shareholders in the position of the holders of Rollover Securities under Jersey law are very limited.
- Payments in respect of Rollover Securities will not be guaranteed or secured and any return of proceeds, whether in connection with an Exit or otherwise, will be paid net of costs incurred by the Topco Group with respect to such return of proceeds.
- Consortium JVCo intends that the costs and expenses incurred and to be incurred by or on behalf of the Topco Group and the Consortium Members in connection with the Acquisition will be borne by the Topco Group. Following the implementation of the Rollover, Consortium JVCo will subscribe for Topco A Ordinary Shares (at the same subscription price per share as Consortium JVCo paid in respect of its subscription for Topco A Ordinary Shares to fund the payment of the Cash Consideration to HL Shareholders) for an aggregate subscription amount equal to the total costs and expenses incurred and to be incurred by or on behalf of the Topco Group and the Consortium Members in connection with the Acquisition. This issuance will be implemented on a non-pre-emptive basis in order to enable the relevant members of the Topco Group to settle such costs and expenses, meaning that holders of Rollover Securities will not be entitled to participate and their economic rights in Topco will therefore be diluted by such issuance with effect from the Costs Issuance Date. Such costs and expenses incurred and to be incurred in connection with the Acquisition are currently expected to be approximately £100 million, which would result in a dilution of participating HL Shareholders of up to approximately 3 per cent. of the holding of HL Shareholders who elect to receive the Rollover Securities. An updated estimate of such costs and expenses will be included in the Scheme Document.
- Consortium JVCo intends that reasonable, properly incurred costs in connection with any Exit, reorganisation transaction or Refinancing or return of proceeds in future will be borne by the Topco Group and/or the holders of Topco Shares. Such costs would therefore result, directly or indirectly, in a pro rata reduction in the value of the investment made by holders of Rollover Securities in the Topco Group. The quantum of such costs is not known.
- Certain consent rights under the Topco Shareholders' Agreement are exercisable by the holder(s) of a majority of the Rollover Securities. These include waiving catch-up rights of holders of Rollover Securities in connection with issues of securities by any member of the Topco Group. Depending on the number of persons who elect for the Alternative Offer and in what proportions, it is possible that such consent may in practice be capable of being

given by one or a small number of holder(s) of Rollover Securities who hold a majority of the Rollover Securities (without any requirement to consult with or refer to the other holder(s) of Rollover Securities).

- Consortium JVCo may, acting reasonably, make any amendment to, or variation of, the Topco Shareholders' Agreement and/or the Topco Articles and/or related documents (notwithstanding any class rights) without the consent of, or notification to, holders of Rollover Securities provided that such amendments or variations are not disproportionately adverse to the economic, tax or legal position of the holders of Rollover Securities (as a whole) or the governance rights of the holders of Rollover Securities, in each case as compared to Consortium JVCo. Any such amendment or variation must be for bona fide purposes and shall not be used to frustrate, terminate or reduce the rights of the holders of Rollover Securities. Consortium JVCo may make any other amendment to, or variation of, the Topco Shareholders' Agreement and/or the Topco Articles and/or related documents on reasonable notice to the Topco B Shareholders and with the prior consent of (i) the holders of a majority of the Rollover Securities (excluding, for the purposes of this limb (i), any such Rollover Securities held by a Substantial B Shareholder) and (ii) the approval of each Substantial B Shareholder.
- The Topco Shareholders' Agreement includes a number of continuing obligations on holders of Rollover Securities, including (i) broad restrictions on saying or doing anything which may be harmful or prejudicial to the goodwill or reputation of the Topco Group, the HL Group or any Consortium Member or their affiliates (amongst others) and (ii) a compliance covenant, which requires the parties to observe and fully comply therewith, and includes an undertaking by the holders of Rollover Securities to exercise their rights to give full effect thereto, including passing certain resolutions and/or class consents, including in connection with an Exit or issue of securities (which means that circumstances may arise whereby the holders of Rollover Securities are obliged to vote in a particular way to comply with this covenant, or their right to object to a variation of class rights may be otherwise restricted). The Topco Shareholders' Agreement also contains a power of attorney whereby the Topco B Shareholders appoint Topco or Consortium JVCo as their attorney to provide the consents and approvals referred to above. A combination of such compliance covenants, the power of attorney and the variation provisions described above and certain other requirements in the Topco Shareholders' Agreement and Topco Articles therefore narrow the scope of class rights protections which would otherwise be available to holders of Rollover Securities under Jersey law.
- Certain rights and protections attaching to the Rollover Securities will depend on the number of Rollover Securities held by each relevant HL Shareholder. HL Shareholders will have no certainty as to the amount of Rollover Securities they would receive because:
  - the maximum number of Rollover Securities available to eligible HL Shareholders under the Alternative Offer will be limited to the equivalent of 35 per cent. of the issued ordinary share capital of Topco at completion of the Acquisition (following implementation of the Rollover). To the extent that elections for the Alternative Offer cannot be satisfied in full, the number of Rollover Securities to be issued (subject to implementation of the Rollover) to each eligible HL Shareholder who has elected for the Alternative Offer will be reduced on a pro rata basis, and the consideration due to HL Shareholders in respect of the balance of their HL Shares will be paid in cash in accordance with the terms of the Cash Offer; and

- if: (i) 2,000 or more HL Shareholders; or (ii) 500 or more HL Shareholders who are not “accredited investors” as defined under Rule 501(a) of the US Securities Act (“**Accredited Investors**”), in either case, where 300 or more of such HL Shareholders are US holders, elect for the Alternative Offer, Bidco may, at its discretion, determine that the Alternative Offer will not be made available, and the consideration payable to all HL Shareholders will be settled entirely in cash in accordance with the terms of the Cash Offer.

#### *Advantages of electing for the Alternative Offer*

- The Alternative Offer allows eligible HL Shareholders to invest directly in Topco, providing continued economic exposure (indirectly) to HL under private ownership.
- The Alternative Offer allows eligible HL Shareholders to participate in potential future value creation and may ultimately deliver greater value than the Cash Consideration (although this cannot be guaranteed).
- From completion of the Acquisition, the Rollover Securities will rank economically *pari passu* with the Topco A Ordinary Shares held by and issued to Consortium JVCo in connection with the Acquisition, including the right to receive and retain any distributions, dividends, buy-back, any other capital redemption or other returns of income or capital made by Topco.

Further details of the Alternative Offer are set out in paragraphs 12, 13 and 14 of this announcement and in Appendix 4 below.

## **5 BACKGROUND TO AND REASONS FOR THE RECOMMENDATION**

### HL Group context

Founded in 1981, HL is the largest and one of the longest-standing Direct to Consumer (D2C) investment platforms in the growing UK wealth management market, with a large and loyal client base, a strong and trusted brand, and a broad range of products and services that cater for every life stage.

HL has a clear ambition to provide its clients with the best savings and investment platform to help them to achieve their financial goals. The Independent HL Board believes that achieving this ambition will enable HL to remain the UK’s largest savings and investment platform, grow its client base, and capture the significant long-term opportunity in the wealth and savings market.

Since HL’s shares were admitted to the London Stock Exchange in May 2007, HL’s AuA has grown from £10.2 billion as at 30 June 2007 to £155.3 billion as at 30 June 2024 and active clients have increased from 218,000 to almost 1.9 million over the same period. HL’s current Net Promoter Score, which stands at +44, is strong positive evidence of its ability to attract and retain customers in the market.

The Independent HL Board believes that HL is well positioned to benefit from market growth in future years. HL’s ambition to help clients invest and achieve their financial goals is fully aligned with a broader UK political and regulatory focus on addressing the UK ‘savings gap’ and delivering better client outcomes. An improved UK macroeconomic

outlook, following a period of extreme shocks including Covid and the negative impact of global conflicts on broader market confidence, is expected to have a positive impact on HL's business, specifically on client inflows and retention over the medium term.

The improving macroeconomic backdrop and the execution of HL's stated strategy are, together, delivering early signs of improvement in the business against the challenges faced in recent periods as demonstrated in HL's most recent trading updates, including in its preliminary results for FY 2024 announced today, which set out:

- net new business of £1.6 billion for Q4 2024, driving record closing AuA of £155.3 billion;
- total revenue of £764.9 million, up 4 per cent. compared to FY 2023;
- underlying costs of £338.5 million, up 8 per cent. compared to FY 2023, slightly below guidance; and
- underlying profit before tax of £456.0 million, up 4 per cent. compared to FY 2023.

At the same time, the Independent HL Board recognises that the market has evolved significantly in recent years and expects this rate of transformation to continue, with:

- an increasingly competitive market environment, with existing D2C market participants investing significantly in price and proposition, the entrance of large international groups into the UK investment platform market, digital-led Fintech providers launching low cost wealth propositions, and increasing strategic focus on wealth management by certain UK retail banks, life insurers and asset managers;
- a changing regulatory environment including greater regulatory focus on UK wealth participants (e.g., implementation of the Consumer Duty framework in July 2023), in turn driving increased associated resource requirements and costs; and
- an evolution in client behaviours and expectations relating to digital engagement and personalised services, requiring increasing and ongoing investment in HL's client proposition, digital capabilities and underlying technology.

Following Dan Olley's appointment as HL's CEO in August 2023, HL commenced a comprehensive business-wide review of the progress and strategic direction of the HL Group, its overall performance and its client value proposition. Based on early observations, HL's CEO set initial priorities to focus the business and start to accelerate the transformation while this review was carried out. At HL's interim results in February 2024, HL's CEO laid out the evolved strategy, some initial findings from the review and how these had now been included into the organisation's transformation programme.

#### Conclusions from the review

HL undertook to update the market further at its FY 2024 results in August 2024 irrespective of the Cash Offer from the Consortium. With the business-wide review now complete, HL is therefore updating the market on its key findings, as set out below:

- **Fundamental Strengths** – With its more than 40-year heritage and a strong sense of purpose, HL already has many of the foundational elements in place to execute on its

strategy. As set out by the CEO at HL's interim results in February 2024, HL is distinguished by the strength of its culture and the dedication of its colleagues, its strong sense of purpose and its clear focus on serving clients every day.

More specifically, HL benefits from a strong and trusted brand, having been rated the #1 classic investment platform by Boring Money in 2023 and is recognised by more than 30 per cent. of adults in the UK. HL has a client-first service-led approach embedded throughout its culture and embodied by over 2,400 colleagues serving a large, diverse and loyal base of almost 1.9 million clients – the largest client base of any wealth manager in the UK. Together with one of the broadest ranges of products and services in the UK savings and investment market including over 14,000 different investment options, HL is able to cater for clients across every life stage.

Building on these key strengths and with the benefit of a strong and robust balance sheet and predictable cash flow, the review has confirmed that HL is therefore especially well placed to take advantage of the clear opportunity ahead in the UK's large and growing savings and investment market.

- **Client Engagement & Retention** – Despite a long term track record of growth in an increasingly competitive environment, HL has been growing at a slower pace over several years as set out in HL's 2024 interim results. This is primarily driven by reducing asset and client retention rates. Analysis has demonstrated that once key service issues had been addressed as a reason for attrition, outflows are now largely being driven by specific factors including friction and gaps in the digital experience and certain aspects of the client value proposition, which have remained largely unchanged since 2017. This is in the context of an increasingly competitive environment where, in areas, competitors are now offering propositions approaching that currently offered by HL and at lower cost as a result of ongoing revenue investment.
  - Net new business has reduced from £8.7 billion in FY 2021 to £4.2 billion in FY 2024, reflecting declining client and asset retention rates, which have fallen from 92.1 per cent. to 91.4 per cent. and 91.4 per cent. to 88.5 per cent. respectively over the same time period.
  - Investment is required in both the digital experience and the overall client value proposition, including revenue investment, to address this declining retention.
- **Client Acquisition** – Whilst HL's strong and established brand generates consistently strong inflows, HL's marketing approach has not reflected industry trends towards digital and performance marketing. Use of social media channels has been limited, as is the ability to target new archetype clients, which requires more sophisticated data-driven marketing capabilities.
  - While HL continues to attract new and younger clients, the level of gross new inflows it is able to attract in the platform from new clients each year has dropped by 35 per cent. since FY 2021.
  - HL needs to significantly evolve its marketing capability and approach to achieve new target client acquisition at lower cost.

- **Client Service** – Best-in-class service from experienced and knowledgeable colleagues is an essential element of HL’s proposition. Whilst service levels have stabilised since the decline seen in FY 2023, further work is required to bring service levels back to the consistently high standards expected by HL’s clients.
  - HL’s monthly Net Promoter Score declined to a low of +33 during the 2023 tax year end, reflecting challenges associated with Helpdesk capacity and call volumes. With a clear focus on resetting service levels in FY 2024, HL’s Net Promoter Score has ranged between a monthly level of +40 and +48 in the last quarter, which demonstrates good progress but HL’s management are seeking to target a Net Promoter Score of 50+ on a consistent basis.
  - HL needs to improve and extend its service proposition to ensure a consistent best-in-class client experience.
  
- **Operational Transformation & Cost Efficiency** – HL’s highly manual processes and legacy technology systems need to be addressed as they are directly driving headcount growth and increased compliance controls, regulatory reporting and monitoring leading to increased cost to serve as client and asset numbers grow. These manual processes and systems have led to increased complexity, increased error rates and, at times, reduced client experience. Whilst the need for change in this regard has been clear for some time, progress in delivering this transformation has been limited as a result of the execution and delivery approach adopted by the business.
  - HL’s underlying cost growth to date, which has exceeded revenue and AuA growth, with cost to serve increasing from 22.3 bps to 23.7 bps from FY 2021 to FY 2024.
  - HL needs to accelerate delivery of its transformation programme to improve the client experience, build scale and enhance efficiency, driving a different cost trajectory.
  
- **Colleague Engagement** – HL’s latest colleague survey results reflected the limited progress that had been made historically in addressing manual processes and legacy technology, siloed working practices and inconsistent strategic priorities. It was also clear that the organisation had experience and capability gaps in key areas required to deliver the strategy.
  - HL’s colleague engagement score has been below management’s expectations at 62 per cent. today versus a target of 70 per cent.+
  - HL needs to evolve to a focused client and outcome-based performance culture and embed new ways of working (e.g., cross functional delivery teams) to help to accelerate the pace of delivery across the organisation.
  
- **Investment Spend** – HL identified the need to invest in a major multi-year transformation programme in 2022 to enhance its proposition, automate and scale its processes, and update its legacy technology. This programme was expected to conclude in FY 2026. HL is now two years into this investment programme and, whilst good progress has been made in certain areas (e.g., new HLFM fund launches have been successful, and the evolution of Active Savings has led to significant growth in both



AuA and margin), progress has been less tangible to date in regard to operational automation and the evolution of its technology platform.

- A change in technology leadership and operating model was required; this has taken place during FY 2024 with the technology function now directly aligned and integrated with the business structure and a new function established to manage the delivery of large cross-functional transformation programmes.
- Certain business automation and transaction processing programmes have been reset to address an extended scope including revised regulatory requirements; the completion date for these programmes has been extended as a result.
- The programme to support the Advice offering has been reset and a £14.4 million impairment recognised in HL's FY 2024 Interim Results.
- As a fintech, HL's operating cost base is now planned to include costs associated with having the capability to deliver propositional development and improvement on a continuous basis without the need for additional or catch up significant one-off investment spend.

HL needs to complete its investment programme to achieve the benefits outlined above, which is still expected to be delivered within the total investment spend of £225 million announced in February 2022 (£175 million of strategic spend and £50 million of dual running costs) but with completion of specific programmes extending into FY 2027. Any further material capital investment would only be incurred to drive innovation and step change business efficiency opportunities, measured against specific investment return criteria.

#### Go-forward strategy

HL has a clear and refreshed strategy, which the Independent HL Board is confident will deliver over the longer term, with good progress already made against the initial priorities identified in FY 2024. The refreshed strategy comprises five strategic priorities intended to address the findings from the review, consistent with the priorities set out at HL's interim results in February 2024:

- (1) Transform the investing experience:** Removing jargon, terminology and complexity and making it easy for its clients to set their financial goals and work towards achieving them with minimum effort and fuss. A key focus will be improving HL's digital experience and proposition as well as evolving its marketing capability.
- (2) Combine the best of colleague and digital capability:** Bringing together the deep experience of HL's colleagues with advances in AI and other digital technologies to serve clients on their terms. HL will continue to invest in its employees and technology to deliver a service continuum from DIY investing to full financial advice.
- (3) Leverage economies of scale to drive client value:** Decoupling cost from growth through the successful implementation of HL's transformation programme enabling greater process simplification, automation and standardisation, alongside agile ways of working to enhance efficiency and increase delivery pace. Through HL's 'Save to

Invest' philosophy, cost benefits realised are intended to moderate future cost growth and fund the capability for continuous and ongoing investment in the client proposition.

- (4) Responsible and resilient business:** Continuing to invest to provide the robust, resilient and available services expected from the UK's largest retail investment platform enabled by the migration of HL's data centre to the cloud and the transition off core legacy systems to modern architecture. HL intends to ensure its operating model is resilient and compliant by design, with risk and compliance requirements assessed during development and embedded into systems and processes.
- (5) Great people, great culture:** Attracting top talent to drive focus, pace and performance, building on a strong set of values centred around putting clients first. HL is focused on enhancing its performance culture to align the organisation to the refreshed strategy and its successful implementation.

### Conclusions on the Cash Offer

Although it is still early in the execution of this refreshed strategy, the Independent HL Board has been pleased with the progress made by the new management team to date, with some tangible results visible in HL's preliminary FY 2024 results. The Independent HL Board has confidence in HL's ability over time to deliver on its strategic ambition to transform the business and maintain its market position in the face of the evolving market dynamics and create shareholder value over the medium to longer term.

At the same time, the Independent HL Board is cognisant that delivery of HL's core priorities involves significant change across significant parts of its business, coupled with on-going investment over the medium term as set out above. As with any transformation of this complexity, there is significant execution risk over the short-to-medium term given the duration and scale of the actions required to deliver the strategy. Combined with a dynamic competitive and regulatory environment, the realisation of the associated benefits and the timeframe for doing so involves an inherent level of uncertainty and delivery which is unlikely to be linear over the medium term.

In assessing and recommending the Cash Offer, the Board has carefully considered the following matters:

- 1) the opportunities and continued execution risks associated with the transformation and the delivery of HL's strategy;
- 2) the duration, scale and comprehensive level of change required for the business to address fully the findings of the review as outlined above;
- 3) the considerable investment into the HL proposition identified as part of the business-wide review – combining revenue investment alongside previously announced strategic investment to support long-term client and asset retention, as well as the impact of this revenue investment, which, were it to be implemented, would be expected to be largely mitigated through a combination of asset growth, and both lower cost growth and a return to pre-Covid platform asset retention levels over the medium term; and
- 4) the external risks facing HL, including an increasingly competitive market backdrop and the evolving regulatory environment.

The Independent HL Board considers it is important for HL Shareholders to take these matters into account when evaluating the Acquisition. In that context, the Independent HL Board believes the Cash Offer represents an attractive opportunity for HL's shareholders to realise an immediate and certain cash value today for their investment at a level which may not be achievable until the execution of the strategy is delivered over the medium to longer term, with that execution subject to a wide range of potential outcomes.

At 1,140 pence per HL Share, the Cash Offer represents a premium of approximately:

- 54.1 per cent. to the Closing Price of 740.0 pence per HL Share on 11 April 2024 (being the last Business Day before the Consortium's initial approach to the HL Board);
- 48.5 per cent. to the volume-weighted average price of 767.7 pence per HL Share for the three-month period ended 21 May 2024 (being the last Business Day before the commencement of the Offer Period); and
- 51.7 per cent. to the volume-weighted average price of 751.5 pence per HL Share for the six-month period ended 21 May 2024 (being the last Business Day before the commencement of the Offer Period).

In addition, the Independent HL Board notes the Consortium's history of investing in UK and European financial services businesses, including wealth management, and the expertise they bring to help develop HL's client proposition. The Independent HL Board believes that this expertise has the potential to enable an accelerated transformation aligned with HL's strategy to transform the investing experience and create the best savings and investment platform for its clients. Should the Acquisition become Effective, HL's management would work alongside the Consortium on the strategic direction of the HL Group and execution of the associated strategy.

In reaching its decision, the Independent HL Board has also taken into account the Consortium's other stated intentions for the business, management, employees and other stakeholders of HL.

Accordingly, following careful consideration with its financial advisers, the Independent HL Board intends unanimously to recommend the Cash Offer to HL Shareholders.

## **6 INFORMATION ON BIDCO AND THE CONSORTIUM**

### Bidco

Bidco is a private limited company incorporated in England and Wales on 1 July 2024, which is indirectly wholly-owned by Topco. Bidco was formed for the purposes of the Acquisition and has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.

Further details in relation to Bidco will be contained in the Scheme Document.

### Topco

Topco is a private limited company incorporated under the laws of Jersey on 27 June 2024. Topco was formed for the purposes of the Acquisition. Topco is a wholly-owned subsidiary

of Consortium JVCo. Topco has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.

### Consortium JVCo

Consortium JVCo is a newly formed private limited joint venture company incorporated under the laws of Jersey on 27 June 2024. As at the Effective Date, it is intended that Consortium JVCo will be indirectly owned in equal shares by: (i) CVC Private Equity Funds; (ii) Nordic Capital Vehicles; and (iii) Platinum Ivy. Consortium JVCo was formed for the purposes of the Acquisition and has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.

Certain further information relating to Topco and the Rollover Securities is contained in Appendix 4 below.

### CVC Group

The CVC Group is a leading global private markets manager with a network of 29 offices throughout EMEA, the Americas, and Asia, with approximately €193 billion of assets under management. The CVC Group has seven complementary strategies across private equity, secondaries, credit and infrastructure, for which vehicles in the CVC Group have secured commitments of approximately €235 billion from some of the world's leading pension funds and other institutional investors. CVC Private Equity Funds have invested in over 130 companies worldwide (which have combined annual sales of approximately €155 billion and employ more than 600,000 people). CVC Private Equity Group has a repeatable approach to value creation, partnering with the best management teams to drive operational efficiency and reinvest for growth. Since 2008, CVC Private Equity Funds have made 15 financial services investments spanning the globe. CVC Private Equity Funds invest regularly in regulated financial services businesses, being current investors in several companies regulated by the FCA, PRA and/or Lloyd's of London, and has a strong regulatory reputation and track record.

### Nordic Capital

Nordic Capital is a leading sector-specialist private equity investor with approximately €31 billion of assets under management and invests in selected sectors and companies in Northern Europe and North America, offering partnership, deep sector knowledge, capital and experience to drive sustainable growth. Since its founding over 35 years ago, the Nordic Capital Vehicles have invested in over 145 companies with an ambition to create long-term sustainable value through active ownership. Nordic Capital focuses on sectors where it has deep experience and a proven history such as Healthcare, Technology & Payments, Financial Services and Services & Industrial Technology and its portfolio has a combined annual sales of around €18 billion and employs more than 80,000 people. Nordic Capital is one of the most experienced private equity investors in Financial Services in Northern Europe with a dedicated Financial Services team and has completed over 18 financial services and financial technology transactions over the last six years including Nordnet, Ascot Lloyd, Max Matthiessen and Qred.

### Platinum Ivy

Platinum Ivy is a wholly-owned subsidiary of ADIA, managed by ADIA PED. ADIA is a globally-diversified investment institution that prudently invests funds on behalf of the Government of Abu Dhabi through a strategy focused on long-term value creation. ADIA PED is an investment department of ADIA. ADIA manages a substantial global diversified portfolio of investments, with assets under management in excess of US\$100 billion of which ADIA PED represents between 10-15 per cent. ADIA is a long term, value driven investor, mandated to build value in a systematic and structured manner.

## **7 INFORMATION ON HL**

HL is the UK's largest savings and investment platform and the UK's biggest retail stockbroker, with almost 1.9 million clients and £155.3 billion savings and investments. For over 40 years, from its Bristol headquarters, it has helped clients improve their financial futures. Its purpose is making it easy to save and invest for a better future, which it does via an easy-to-use platform and broad proposition supporting clients' financial needs across their lifetime.

HL's award-winning digital platform gives clients access to a broad range of savings and investment solutions and products to manage their finances and facilitate their investment goals. This includes a full suite of tax-efficient lifetime pension investment solutions; a comprehensive investment proposition; and a cash management platform, Active Savings, with access to highly competitive savings rates and the ability to spread cash savings across providers, maturities and accounts.

Finally, HL's funds provide clients with a range of options, from simple solutions (Ready Made) for low confidence clients, through to single asset funds that invest into tailored mandates, depending on clients' risk profiles.

HL provides its services via four channels: Direct to Consumer through the app or website; Helpdesk, via phone or email; Financial Advice; and Workplace, HL's B2B arm, offering variety of services adjacent to its core pension proposition.

## **8 IRREVOCABLE UNDERTAKINGS AND NON-BINDING WRITTEN CONFIRMATIONS OF INTENT**

As described above, Bidco has received irrevocable undertakings from the HL Independent Directors who hold HL Shares and from Adrian Collins, the director of HL appointed following nomination by Peter Hargreaves pursuant to the terms of the shareholder agreement between Peter Hargreaves and HL dated 20 October 2020, to vote (or, where applicable, procure voting) in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of an Offer, to accept or procure acceptance of such Offer), in respect of, in aggregate 82,129 HL Shares (representing approximately 0.02 per cent. of the existing issued ordinary share capital of HL as at 8 August 2024, being the last Business Day before the date of this announcement). These undertakings will remain binding in the event that a higher competing offer for HL is made.

In addition to the irrevocable undertakings given by the HL Independent Directors and Adrian Collins as set out above, Bidco has also received an irrevocable undertaking from Peter Hargreaves to vote (or, where applicable, procure voting) in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the

Acquisition is implemented by way of an Offer, to accept or procure acceptance of such Offer) in respect of a total of 93,838,474 HL Shares (representing approximately 19.8 per cent. of the existing issued ordinary share capital of HL as at 8 August 2024, being the last Business Day before the date of this announcement), and to elect to receive (i) the Cash Consideration in respect of 50 per cent. of his HL Shares, and (ii) the Alternative Offer in respect of the remaining 50 per cent. of his HL Shares. The undertaking will remain binding in the event that a higher competing offer for HL is made.

Stephen Lansdown has also provided a non-binding written confirmation of intent to vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of an Offer, to accept such Offer) and to elect to receive the Cash Consideration in respect of all of his HL Shares being a total of 27,087,419 HL Shares (representing approximately 5.7 per cent. of the existing issued ordinary share capital of HL as at 8 August 2024, being the last Business Day before the date of this announcement).

Bidco has, therefore, received irrevocable undertakings and non-binding written confirmations of intent in respect of a total of 121,008,022 HL Shares (representing approximately 25.5 per cent. of the existing issued ordinary share capital of HL as at 8 August 2024, being the last Business Day before the date of this announcement).

Further details of these irrevocable undertakings and non-binding written confirmations of intent, including the circumstances in which the irrevocable undertakings may lapse or cease to be binding, are set out in Appendix 3 to this announcement.

## **9 FINANCING OF THE ACQUISITION**

Following completion of the Acquisition, Bidco will have a robust and conservative capital structure consistent with the strategic and financial priorities of HL during a period of transformation.

The cash consideration payable to HL Shareholders under the terms of the Acquisition will be financed by a combination of: (i) equity to be invested by CVC Private Equity Funds, Nordic Capital Fund XI and Platinum Ivy; and (ii) debt to be provided under an Interim Facilities Agreement provided by certain third party lenders comprising of a £1.75 billion interim senior term loan facility. It is expected that on or following the Effective Date, certain of the equity commitments described at (i) above will be provided by equity co-investors in investment vehicles advised or managed by an entity or entities within the CVC Group and Nordic Capital respectively (such co-investors would be passive and not be granted any governance or control rights over Bidco or any member of the Bidco Group or HL Group). Further information will be set out in the Scheme Document.

Goldman Sachs, in its capacity as financial adviser to Bidco, confirms that it is satisfied that sufficient cash resources are available to Bidco to satisfy in full the cash consideration payable to HL Shareholders under the terms of the Acquisition.

Further information on the financing of the Acquisition will be set out in the Scheme Document.

## 10 OFFER-RELATED ARRANGEMENTS

### Confidentiality Agreement

On 22 June 2024, CVC Advisers, Nordic Capital XI Delta, Platinum Ivy and HL entered into a confidentiality agreement in relation to the Acquisition, pursuant to which, amongst other things, CVC Advisers, Nordic Capital XI Delta and Platinum Ivy have undertaken to: (i) subject to certain exceptions, keep information relating to HL and the Acquisition confidential and not to disclose it to third parties; and (ii) use such confidential information for the sole purpose of evaluating, negotiating, advising on or implementing the potential Acquisition. These confidentiality obligations will remain in force until the earlier of: (i) completion of the Acquisition; and (ii) 22 June 2026. The Confidentiality Agreement also contains undertakings from CVC Advisers, Nordic Capital XI Delta and Platinum Ivy that for a period of 12 months after the date of the Confidentiality Agreement, neither CVC Advisers, Nordic Capital XI Delta and Platinum Ivy nor any of their respective affiliates / affiliated entities who have received confidential information will solicit or offer to employ or solicit for employment any individual who is at any time during that 12 month period an officer of, or an employee holding an executive or management position with any member of the HL Group (subject to customary carve-outs).

### Cooperation Agreement

Pursuant to the Cooperation Agreement, Bidco has agreed to use all reasonable endeavours to satisfy the conditions set out in paragraphs 3.1 to 3.6 of Part A of Appendix 1 to this announcement as soon as is reasonably practicable and, in any event, in sufficient time to allow the Effective Date to occur by the Long Stop Date, provided always that: (i) any remedy applies only to a member or members of the Topco Group and/or HL Group and/or its or their respective business(es) and/or (in relation to the regulatory condition set out in paragraph 3.6 of Part A of Appendix 1 only), any person in respect of whom FCA approval is required who is or would become a controller as a result of the Acquisition (and, other than in respect of any such controller, nothing shall require Bidco to offer or accept or agree to offer or accept any remedy in relation to: (a) any member of the CVC Network (as defined therein); (b) Nordic Capital, any Nordic Capital Vehicles, any portfolio company in which Nordic Capital Vehicles or any of Nordic Capital Vehicles' associated companies or entities, have an equity or any other interest; or (c) any member of the Platinum Ivy Group, ADIA or any portfolio companies in which any of them, or any of their associated companies or entities, have an equity or any other interest, but excluding in each case any member of the Topco Group); and (ii) in respect of the regulatory condition set out in paragraph 3.6 of Part A of Appendix 1, nothing shall require Bidco to offer or accept or agree to offer or accept any remedy which: (A) would require any change to the proposed transaction capital structure (including as to the debt and/or equity structure); or (B) would require any change to, or impede the implementation of, the proposed capital or distribution policies, in respect of the Topco Group and HL Group following completion of the Acquisition.

In addition, Bidco and HL have each agreed to certain related cooperation provisions and obligations in relation to the making of filings to Relevant Authorities in connection with the Acquisition.

The Cooperation Agreement records the parties' intention to implement the Acquisition by way of the Scheme and set outs the circumstances in which Bidco may elect to switch from

a Scheme to an Offer and the obligations which would apply to Bidco in such circumstances.

The Cooperation Agreement is capable of termination in certain circumstances, including if the Acquisition is withdrawn, terminated or lapses, a third party announces a firm intention to make an offer for HL which completes, becomes effective or becomes unconditional, if prior to the Long Stop Date any Condition has been invoked by Bidco (with the consent of the Panel), if the HL Independent Directors withdraw or adversely modify or qualify their recommendation of the Cash Offer, if the Scheme does not become Effective in accordance with its terms by the Long Stop Date or otherwise as agreed between Bidco and HL.

Pursuant to the terms of the Cooperation Agreement and the requirements of paragraph 3(g)(i) of Appendix 7 to the Takeover Code, Bidco undertakes that it will deliver a notice in writing to HL and the Panel on the Business Day prior to the Sanction Hearing confirming either: (i) the satisfaction or waiver of the Conditions (other than the Scheme Conditions); or (ii) to the extent permitted by the Panel, that it intends to invoke or treat as unsatisfied or incapable of satisfaction one or more Conditions.

The Cooperation Agreement also contains provisions that apply in respect of the HL Share Plans and certain other employee-related matters.

#### Bid Conduct Agreement

Nordic Cidron, CVC and Platinum Ivy (together, the “**Investors**”) and Nordic Capital XI, L.P. have entered into the Bid Conduct Agreement, pursuant to which they have agreed certain principles in accordance with which they intend to cooperate in respect of the Acquisition.

Pursuant to the Bid Conduct Agreement, it is agreed that each of the Investors will make all material decisions with respect to the conduct of the Acquisition unanimously.

The terms of the Bid Conduct Agreement also include an agreement not to pursue a competing proposal to the Acquisition with respect to HL or take any action which might be prejudicial to completion of the Acquisition or directly or indirectly encourage, solicit, initiate facilitate, participate in or otherwise continue any discussion or negotiation with any person in connection with a competing proposal to the Acquisition, in each case for so long as the Bid Conduct Agreement is in force.

The Bid Conduct Agreement will terminate in certain circumstances, including: (i) 14 days after the date on which the Acquisition becomes effective or unconditional; (ii) at such time as the Acquisition is withdrawn or lapses; (iii) at such time as a competing bid in relation to HL becomes effective or unconditional; or (iv) at such time as the parties thereto agree.

#### Clean Team Agreement

On 21 July 2024, CVC Advisers, Nordic Capital XI Delta, Platinum Ivy and HL entered into an amended and restated clean team agreement, the purpose of which is to set out the terms governing the disclosure of competitively sensitive information by HL to: (i) certain employees of CVC Advisers, Nordic Capital XI Delta and Platinum Ivy and their affiliates; (ii) outside counsel and experts engaged by the Consortium in connection with the



Acquisition; and (iii) subject to the prior written consent of HL, employees, officers, directors or partners of proposed sources of debt or equity finance to the Consortium Members in connection with the Acquisition, and related obligations on the receiving persons in relation to the permitted use and handling of such information.

#### Joint Defence Agreement

On 18 July 2024, CVC Advisers, Nordic Capital XI Delta, Platinum Ivy, the Consortium's external legal counsel, HL and HL's external legal counsel entered into a joint defence agreement, the purpose of which is to ensure that the exchange or disclosure of certain materials relating to the parties only takes place between their respective external legal counsels and external experts, and does not diminish in any way the confidentiality of such materials and does not result in a waiver of privilege, right or immunity that might otherwise be available.

## **11 DIRECTORS, MANAGEMENT, EMPLOYEES, PENSIONS, RESEARCH AND DEVELOPMENT AND LOCATIONS**

### *Strategic plans for HL*

As set out in paragraph 3, HL is one of the market leading UK investment platforms with an impressive position in the attractive UK wealth market. Bidco believes that HL has significant potential but will need to continue to invest across its proposition, client service, retention, innovation and technology to build an enhanced modern platform and user experience to deliver a leading client proposition under the HL brand. This will need to be provided securely, reliably and in a differentiated way to competitors in order to capture this potential. Bidco believes it is well positioned to support and accelerate HL's next phase of development, but this will require investment in a technology transformation.

Prior to this announcement, consistent with market practice, Bidco was granted access to HL's senior management for the purposes of confirmatory due diligence. However, Bidco has not yet had access to sufficiently detailed information to formulate specific final plans or intentions regarding the impact of the Acquisition and accelerated transformation process on HL. Significant further work is required and will be undertaken to define the nature, scope and activities within this transformation.

Following the Acquisition becoming Effective, Bidco intends to partner with HL's management to undertake a review of HL's operations and proposition to refine and accelerate the transformation. While HL management continues to implement its existing initiatives, Bidco expects to undertake and complete this review within approximately six months from the Effective Date. The strategic review will focus on:

- initiatives to enable clients to meet their savings and wealth goals and encourage more UK consumers to save and invest for a better future, in line with Consumer Duty;
- fostering a technology-enabled, client-centric and product-oriented culture with client value, speed of innovation, and speed of delivery at its core – this will also include investing in training and capability to support and empower HL's client Helpdesk with high calibre, engaged and motivated colleagues;

- HL’s digital channels and underlying technology infrastructure, striving to create a modern and best-in-class user interface and client experience – ensuring that customers receive a premium service both online and through the Helpdesk;
- supporting HL management’s ambitions to use HL’s scale and experience to deliver an innovative and inspiring range of products and services with features and benefits that deliver value for its clients and address their needs at all critical points of their financial lifecycle;
- investment in marketing to enhance client engagement and advocacy and leverage the strength of its client base;
- applying Bidco’s extensive experience to expand and drive automation initiatives to reduce manual processes, enhance operational resilience, improve operational efficiency and create a more nimble and responsive business;
- reviewing HL’s allocation and level of employee resources across and within business areas to enable the accelerated delivery of technology and related efficiency initiatives and best-in-class client proposition and experience;
- continued prioritisation of HL’s ESG priorities including being a responsible savings and investment provider, a responsible fund manager, and a responsible employer with an inclusive and diverse culture for all;
- fostering an outcome-based performance culture that will drive greater employee engagement and providing a range of new opportunities for employees focused on putting them closer to the client; and
- maintaining HL’s high regulatory and governance standard for the business that focuses on enabling the best experience and outcomes for the client.

### ***Employees and management***

Bidco attaches great importance to the skill and experience of HL’s management and employees and recognises that the employees and management of HL are key to its success. Bidco looks forward to partnering with the employees and the management team to accelerate and enhance the continued success of HL following completion of the Acquisition.

Once HL ceases to be a listed company, a limited number of listed company-related functions will be reduced in scope or be reorientated to align with HL’s new status as a private company. This may impact a limited number of roles in these specific areas.

Following completion of the strategic review, Bidco intends for HL to continue a transformation of the business which will take several years and be implemented over a number of phases. Bidco intends for the initial phase of the transformation to be implemented over a period of two to three years. It is expected to focus on technology and related efficiency initiatives where Bidco anticipates the scale, impact and implications for employees will be broadly consistent with areas already set out in the findings of the strategic review by HL’s management in paragraph 5 of this announcement but is expected to be delivered on an expedited basis. This phase would focus on improving the client

experience and technology architecture and strengthening HL's operational resilience through the use of better technology and automation of manual processes. Consequently, while these initiatives could impact certain roles in the relevant areas within HL, the impact on the overall employee headcount is anticipated to be in line with the current expectations of HL's management over this period and will result in head count levels through the initial phase at least in line with the average over the last three financial years of HL's average head count for the relevant financial year. Bidco intends that service improvements and initiatives in this phase will result in operational and process efficiencies across Client Management, Service, Digital and IT, as well as across Marketing, Finance and HR areas of the HL business.

Following completion, Bidco does not intend to make a material reduction in the level of the overall headcount of HL in the first 12 months. Beyond this period and through the initial phase of the transformation, it is anticipated that employee head count may reduce by up to 3 per cent. of the current level of employees per annum. Based on historical experience of employee turnover, it is anticipated any impact on employees will be largely addressed through redeployment opportunities, natural attrition and voluntary redundancies. Bidco confirms that its intention is for any individuals impacted to be treated in a manner consistent with HL's high standards, culture and practices.

Beyond this initial phase, further transformation initiatives will be undertaken on an accelerated basis to enhance the technology architecture and underlying scalability of the HL business. The scope and details of these initiatives and their implications for employees will be subject to the progress and implementation achieved within the first phase. As a result, any impact on areas of the HL business and the employees within these businesses during the later phases of the transformation process is not yet certain and subject to change. Based on its current expectations, Bidco estimates that the impact on head count over the later stages of the transformation process will be in line with the initial phase at up to 3 per cent. of the current level of employees per annum.

As is customary, it is intended that, with effect from the Effective Date, each of the Non-Executive Directors of HL shall resign from their office.

#### ***Existing employment rights and pensions***

Bidco confirms that, following the Scheme becoming Effective, the existing contractual and statutory employment rights, including in relation to pensions, of all HL management and employees will be fully safeguarded in accordance with applicable law and as specified further in the Cooperation Agreement. Bidco does not intend to make any material change to the conditions of employment of the employees of HL.

Bidco does not intend to make any changes to the benefits provided by HL's defined contribution pension arrangements and intends for the employer to continue to make contributions in line with current arrangements. No member of the HL Group participates in any defined benefit pension scheme.

#### ***Management incentive arrangements***

Following completion of the Acquisition, Bidco intends to review the management incentive structures and governance of HL. Bidco has not entered into, and has not had discussions on proposals to enter into, any form of incentivisation arrangements with

members of HL’s management, but may have discussions and enter into such discussions for certain members of the HL management team following the Effective Date.

### ***Headquarters, HQ functions, locations, fixed assets and research and development***

Bidco does not intend to make any material changes to HL’s fixed assets or asset base. Bidco does not intend to carry out any changes in the location or HQ functions of HL’s Bristol headquarters or with regard to HL’s operations and places of business, other than in respect of the listed company-related functions as described above. HL does not have a material research and development function and accordingly Bidco has no plans in this regard.

### ***Trading Facilities***

HL Shares are currently listed on the Official List and admitted to trading on the London Stock Exchange. As set out in paragraph 18, applications will be made for the cancellation of the listing of HL Shares on the Official List and the cancellation of trading of HL Shares on the London Stock Exchange, and steps will be taken to re-register HL as a private company.

None of the statements in this paragraph 11 are “post-offer undertakings” for the purposes of Rule 19.5 of the Takeover Code.

## **12 THE ALTERNATIVE OFFER**

Under the Alternative Offer, eligible HL Shareholders may elect to exchange some or all of their HL Shares for rollover loan notes issued by Bidco which will, subject to implementation of the Rollover, ultimately be exchanged for the following Rollover Securities:

### **for each HL Share: 1 Rollover Security**

If the Scheme becomes Effective, assuming all eligible HL Shareholders validly elect to receive consideration by means of the Alternative Offer in respect of 35 per cent. of their holding of HL Shares and no such elections are scaled back as a result of the US Holders Cap or the Shareholding Cap, following satisfaction of the Cash Consideration and subject to implementation of the Rollover, HL Shareholders will hold up to 35 per cent. of the economic rights in Topco. Following the implementation of the Rollover, Consortium JVCo will subscribe for Topco A Ordinary Shares (at the same subscription price per share as Consortium JVCo paid in respect of its subscription for Topco A Ordinary Shares to fund the payment of the Cash Consideration to HL Shareholders) for an aggregate subscription amount equal to the total costs and expenses incurred and to be incurred by or on behalf of the Topco Group and the Consortium Members in connection with the Acquisition. This issuance will be implemented on a non-pre-emptive basis in order to enable the relevant members of the Topco Group to settle such costs and expenses, meaning that holders of Rollover Securities will not be entitled to participate and their economic rights in Topco will therefore be diluted by such issuance with effect from the Costs Issuance Date. The costs and expenses incurred and to be incurred in connection with the Acquisition are currently expected to be approximately £100 million, which would result in a limited dilution of participating HL Shareholders of up to approximately 3 per cent. of

the holding of HL Shareholders who elect to receive the Rollover Securities. An updated estimate of such costs and expenses will be included in the Scheme Document.

The maximum number of Rollover Securities available to HL Shareholders under the Alternative Offer will be limited to 35 per cent. of the issued ordinary share capital of Topco at completion of the Acquisition (the “**Alternative Offer Maximum**”). References to the issued ordinary share capital of Topco at completion of the Acquisition in this announcement shall refer to the issued ordinary share capital of Topco as at completion of the Rollover.

If elections are validly received from eligible HL Shareholders in respect of a number of HL Shares that would, subject to implementation of the Rollover, ultimately require the issue of Rollover Securities exceeding the Alternative Offer Maximum, such elections will be unable to be satisfied in full. In these circumstances the number of rollover loan notes and, in turn and subject to implementation of the Rollover, the number of Rollover Securities to be issued to each eligible HL Shareholder who has validly elected for the Alternative Offer will be scaled back on a pro rata basis (being pro rata to the number of HL Shares in respect of which elections have been validly received), and the balance of the consideration due to each such HL Shareholder will be paid in cash in accordance with the terms of the Cash Offer.

The availability of the Alternative Offer is conditional upon valid elections being made that would, subject to implementation of the Rollover, ultimately require the issue of such number of Rollover Securities as represent at least 5 per cent. of the issued ordinary share capital of Topco at completion of the Acquisition (the “**Alternative Offer Minimum**”), failing which it will lapse. In these circumstances, no Rollover Securities will be issued and the consideration payable in respect of each HL Share will be settled entirely in cash in accordance with the terms of the Cash Offer. However, given the undertaking to elect to receive the Alternative Offer provided for in the irrevocable undertaking from Peter Hargreaves, as described in paragraph 8, it is not expected that the Alternative Offer will lapse as a result of this minimum requirement.

Unless otherwise determined by Bidco and permitted by applicable law and regulation, the Alternative Offer will not be offered, sold or delivered, directly or indirectly, in or into any Restricted Jurisdiction and individual acceptances of the Alternative Offer will only be valid if all regulatory approvals (if any) required by a HL Shareholder to acquire the Rollover Securities have been obtained.

The Rollover Securities have not been, and will not be, registered under the US Securities Act nor under the securities laws of any state or territory or other jurisdiction of the United States, will not be listed on any stock exchange in the United States and may not be offered or sold in the United States absent registration or an available exemption, or a transaction not subject to, the registration requirements of the US Securities Act. Accordingly, they will not be issued to HL Shareholders unless Bidco considers that they may be so issued pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act provided by Section 3(a)(10) of the US Securities Act or another available exemption under the US Securities Act.

In addition, if: (i) 2,000 or more HL Shareholders; or (ii) 500 or more HL Shareholders who are not Accredited Investors, in either case, where 300 or more of such HL Shareholders are US holders, elect for the Alternative Offer (the “**US Holders Cap**”),

Bidco may, at its discretion, determine that the Alternative Offer will not be made available and all HL Shareholders will instead receive cash consideration in respect of the HL Shares which were subject to such an election in accordance with the terms of the Cash Offer.

Where Bidco reasonably believes that an election for the Alternative Offer by any HL Shareholder may result in a requirement for a registration or qualification under the US Securities Act, US Exchange Act or any other securities laws in any state or territory or other jurisdiction of the United States, Bidco will have the right to deem that such HL Shareholder has not elected for the Alternative Offer and such HL Shareholder will instead receive cash consideration in respect of the HL Shares which were subject to such an election in accordance with the terms of the Cash Offer.

Following the Scheme becoming Effective and except with the approval of Consortium JVCo, the Rollover Securities may not be offered, sold, resold, taken up, delivered or transferred, directly or indirectly, in or into the United States or to or for the account or benefit of any person believed to be a US Person, or in any other manner whatsoever, as a result of which a registration under the US Securities Act or the US Exchange Act would be required, nor will any transfer of Rollover Securities be permitted that would result in there being (i) 2,000 or more HL Shareholders; or (ii) 500 or more HL Shareholders who are not Accredited Investors, in either case, where 300 or more of such HL Shareholders are US holders. Any transfer of Rollover Securities to a US Person shall require the approval of Consortium JVCo.

If an electing HL Shareholder would require approval from the FCA under Part XII of the FSMA to acquire or increase control of any member of the HL Group that is a UK authorised person as a result of their election and the completion of the Acquisition, the maximum amount of Rollover Securities any eligible HL Shareholder who elects to receive the Alternative Offer shall be entitled to will be limited to 9.99 per cent. (or, if applicable, the maximum percentage that will not require approval from the FCA for that eligible HL Shareholder) of the issued ordinary share capital of Topco at completion of the Acquisition either on a solo basis, or when aggregated with any other electing shareholder or any Consortium Member (or affiliate thereof) with whom they might reasonably be deemed to be acting in concert (the “**Shareholding Cap**”). If elections are validly received from an eligible HL Shareholder in respect of a number of HL Shares that would require the issue of Rollover Securities to such eligible HL Shareholder exceeding the Shareholding Cap, such elections will be unable to be satisfied in full. In such circumstances, the number of Rollover Securities to be issued to such HL Shareholder would be rounded down to the Shareholding Cap and the balance of the consideration for each HL Share will be paid in cash in accordance with the terms of the Cash Offer.

Eligible HL Shareholders who wish to make an election for the Alternative Offer will be required, as a condition to their election being treated as valid and to Rollover Securities being issued to them, to provide certain preliminary ‘know your customer’ information to Topco’s Administrative Agent (being such information required in order to comply with applicable anti-money laundering, sanctions or ‘know your customer’ laws) or as otherwise reasonably required by Bidco and the Consortium. Details regarding the information to be provided, and the manner in which it must be provided, will be set out in the Scheme Document. Failure to provide the required information will result in elections for the Alternative Offer being invalid and eligible HL Shareholders who made such an invalid election will instead receive the Cash Consideration for the number of HL Shares in respect of which they purported to make an election for the Alternative Offer. Furthermore, if and

to the extent required by applicable anti-money laundering, sanctions or ‘know your customer’ laws, eligible HL Shareholders who receive Rollover Securities may be required to provide Topco’s Administrative Agent with further ‘know your customer’ information following the issue of Rollover Securities to them and information regarding this will be set out in the Scheme Document. Failure to provide such further information may result in the directors of Topco placing such restrictions as they think fit on the relevant holders of the Rollover Securities pursuant to the Topco Articles. These restrictions may include suspending a person’s ability to transfer the Rollover Securities or to receive dividends or other distributions in respect of them, as well as possibly cancelling the relevant Rollover Securities.

The issue of any Rollover Security pursuant to the Alternative Offer will be in accordance with the mechanism described in this paragraph 12 and in Appendix 4 to this announcement and subject to the Conditions and further terms set out in Appendix 1 to this announcement and to be set out in the Scheme Document. Further details of the Topco Group and the rights of the Rollover Securities are set out in paragraph 13 and in Appendix 4 to this announcement.

For the purposes of Rule 24.11 of the Takeover Code, Goldman Sachs, as financial adviser to the Bidco, will provide an estimate of the value of a Rollover Security, together with the assumptions, qualifications and caveats forming the basis of its estimate of value, in a letter to be included in the Scheme Document.

If the Scheme becomes Effective, eligible HL Shareholders who: (i) do not validly elect to receive some or all their consideration by means of the Alternative Offer; or (ii) who make an election for the Alternative Offer but fail to provide the required ‘know your customer’ information, will automatically receive the full amount of the Cash Consideration for their entire holding of HL Shares.

If the Scheme becomes Effective, eligible HL Shareholders that validly elect to receive consideration by means of the Alternative Offer will receive: (i) their Rollover Securities pursuant to a rollover mechanism in the Scheme whereby on or shortly following the Effective Date such number of HL Shares in respect of which eligible HL Shareholders validly elect for the Alternative Offer (subject to the terms of this announcement) will be exchanged for loan notes to be issued by Bidco pursuant to the Scheme which will then be exchanged, directly or indirectly and subject to exercise of associated put or call options, for the relevant number of Rollover Securities in Topco that eligible HL Shareholders are entitled to in accordance with the Alternative Offer (the “**Rollover**”); and (ii) if applicable, as a result of a partial election for the Alternative Offer and/or any scaling back as described above, the Cash Consideration in respect of such HL Shareholders’ remaining holdings of HL Shares not exchanged pursuant to the Alternative Offer.

Further details of the Rollover mechanics are set out in Appendix 4 to this announcement.

## **13 THE ROLLOVER SECURITIES**

### Terms of issue of Rollover Securities

The Rollover Securities to be issued to eligible HL Shareholders who validly elect for the Alternative Offer in accordance with the Rollover will be issued credited as fully paid and will rank economically *pari passu* with the Topco A Ordinary Shares held and issued to

Consortium JVCo in connection with the Acquisition as described above, 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 date of this announcement.

### Summary of Rollover Securities

A summary of the key rights of the Rollover Securities is included at Appendix 4 and will be set out in the Scheme Document. HL Shareholders are encouraged to read in full Appendix 4 and the advantages and disadvantages and investment considerations set out in paragraphs 4 and 14 of this announcement, together with the Topco Shareholders' Agreement and the Topco Articles and, in due course, the Scheme Document. References to "Topco B Ordinary Shares" have the same meaning as references to "Rollover Securities", and references to "Topco B Shareholders" have the same meaning as references to "holders of Rollover Securities / Topco B Ordinary Shares". As an overview, the Rollover Securities will be subject to the following terms and conditions:

- the Rollover Securities will not carry any general voting rights at general meetings of Topco;
- the Rollover Securities will not be transferable (save in very limited circumstances such as where required or permitted pursuant to an Exit or reorganisation transaction or in accordance with customary 'drag along' and 'tag along' provisions, or to close family members, vehicles under their (or their close family's) sole control and/or family trust(s) established for tax planning purposes subject to customary transfer back requirements or otherwise with the prior consent of Consortium JVCo);
- the Rollover Securities will be unlisted;
- eligible HL Shareholders who validly elect for the Alternative Offer will, pursuant to a power of attorney to be included in the Form of Election and/or the Scheme, deliver a fully executed deed of adherence pursuant to which they will be bound by the Topco Shareholders' Agreement;
- any proposed transferee of Rollover Securities:
  - shall adhere to the Topco Shareholders' Agreement;
  - shall provide such information and materials as Consortium JVCo or any other relevant person (including any corporate administrator) reasonably requires and requests in respect of such transferee and/or its affiliated or related persons in order to satisfy their respective obligations in respect of any 'know your customer', proceeds of crime, anti-terrorism financing and/or anti-money laundering legislation or regulation from time to time, or in connection with any anti-trust or regulatory change in control approvals required by any regulator (which Topco shall provide reasonable information and assistance in obtaining, if required); and
  - must not be a sanctioned person;
- if Consortium JVCo or any Consortium Member proposes to directly or indirectly transfer any of its securities in the Topco Group to a bona fide third-party purchaser which is not affiliated with any Consortium Member as part of a single transaction or



series of connected transactions, Consortium JVCo shall have a right to ‘drag along’ (i.e., force the sale of) Rollover Securities held by Topco B Shareholders in Topco on a pro rata basis on the same economic terms as Consortium JVCo to such third-party purchaser, provided that Consortium JVCo shall be entitled to elect for Topco B Shareholders to receive a cash alternative to any non-cash component of consideration; and

- if Consortium JVCo or any Consortium Member proposes to directly or indirectly transfer Topco A Ordinary Shares to a third-party purchaser as part of a single transaction or series of connected transactions following which Consortium JVCo, the Consortium Members and/or their affiliates together hold, or would as a result of the relevant transfer hold, directly or indirectly, less than 90 per cent. of the Topco A Ordinary Shares in issue on the Costs Issuance Date (or on any direct or indirect transfer of Topco A Ordinary Shares by Consortium JVCo, any Consortium Member or their affiliates thereafter), Topco B Shareholders shall have a ‘tag along’ right exercisable on a pro rata basis in relation to such transfer and any transfer of Topco A Ordinary Shares by Consortium JVCo, the Consortium Members or their affiliates thereafter. Any transfer by Topco B Shareholders of their rights under the ‘tag along’ provision shall be at the same price and otherwise on the same terms as agreed to by Consortium JVCo (or selling Consortium Member or its affiliates, if applicable), save that Consortium JVCo shall be entitled to elect for Topco B Shareholders to receive a cash alternative to any non-cash component of consideration. This right is subject to a number of exceptions, including (amongst others) (i) in relation to transfers to Consortium Members or their affiliates, (ii) on or following an IPO in respect of ordinary shares of any member of the Topco Group, or (iii) in relation to transfers in connection with a Refinancing.

## 14 RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS

The attention of eligible HL Shareholders who may consider electing to receive some or all their consideration by means of the Alternative Offer is drawn to certain risk factors and other investment considerations relevant to such an election. These will be set out in full in the Scheme Document but will include, *inter alia*, the following:

- upon the Scheme becoming Effective, the Topco Group will be controlled by Consortium JVCo. The Rollover Securities will not carry any general voting rights (whether at a general meeting or pursuant to a written resolution of Topco) nor any governance rights (except those associated with any Substantial B Shareholder) other than very limited minority protections prescribed by Jersey law (including in relation to a variation of their class rights) and rights in respect of a very limited number of reserved matters (being those matters set out in paragraph 5 of Appendix 4 to this announcement) which require the consent of the Substantial B Shareholder(s). Further, no holders of Rollover Securities other than the Substantial B Shareholder(s) will have the right to appoint directors to the board of Topco. Holders of Rollover Securities will therefore have no influence over decisions made by the Topco Group in relation to its investment in HL or in any other business or in relation to any member of the Topco Group’s (or HL Group’s) strategy;
- the board of Bidco shall be the principal decision-making board of the Topco Group and a majority of the members of such board shall be comprised of representatives appointed by the Consortium and/or Consortium JVCo;

- the Rollover Securities will comprise securities in a private and unquoted company, and there is no current expectation that they will be listed or admitted to trading on any exchange or market for the trading of securities, and they will therefore be illiquid;
- the value and performance of the Rollover Securities will at all times be uncertain and there can be no assurance or guarantee that any such securities will be capable of being sold in the future or that they will be capable of being sold at the value to be estimated by Goldman Sachs in the Scheme Document;
- payments in respect of Rollover Securities will not be guaranteed or secured and any return of proceeds, whether in connection with an Exit or otherwise, will be paid net of costs incurred by the Topco Group with respect to such return of proceeds;
- the Rollover Securities will not be transferable (save in very limited circumstances such as: (i) where required or permitted pursuant to an Exit or reorganisation transaction or in accordance with ‘drag along’ and ‘tag along’ provisions in the Topco Shareholders’ Agreement; or (ii) to close family members, vehicles under their (or their close family’s) sole control and/or family trust(s) established for tax planning purposes, subject to transfer back requirements or otherwise with the prior consent of Consortium JVCo);
- any Exit, Indirect Liquidity Event or Refinancing will occur at the sole discretion of Consortium JVCo and holders of Rollover Securities will therefore not have control over the date(s), terms or value(s) on or at which they may be able to realise their investment in the Topco Group (if at all). In particular:
  - holders of Rollover Securities may be required in the future to sell their Rollover Securities on a pro rata basis on the same terms at those agreed to by Consortium JVCo under the terms of a ‘drag along’ provision set out in the Topco Shareholders’ Agreement. There is no requirement for Consortium JVCo or any of its affiliates to proceed with an Exit or to do so at any particular minimum price or, if they do proceed with an Exit, to exercise the ‘drag along’ right, and certain exceptions to the ‘drag along’ right apply. In the event of only a partial exit by Consortium JVCo or its affiliates, the drag would not provide a full exit for holders of Rollover Securities. The ‘drag along’ right described above could be exercised at any time following completion of the Acquisition. Any transfer triggering the ‘drag along’ right may be at a value that is less than the value of the Cash Consideration and the consideration payable to holders of Rollover Securities in such circumstances may or may not be cash;
- in relation to the ‘tag along’ right in the Topco Shareholders’ Agreement:
  - it is only exercisable by holders of Rollover Securities on a direct or indirect transfer of Topco A Ordinary Shares at any time when Consortium JVCo, the Consortium Members and/or their affiliates together hold, or would as a result of the relevant transfer hold, directly or indirectly, less than 90 per cent. of the Topco A Ordinary Shares in issue on the Costs Issuance Date and on any direct or indirect transfer of Topco A Ordinary Shares by Consortium JVCo, the Consortium Members or their affiliates thereafter. Certain exceptions apply which would therefore not give rise to a ‘tag along’ right (and in respect of which there is no subsequent ‘tag along’

right), including (amongst others) (i) any initial transfers of up to 10 per cent. of the Topco A Ordinary Shares in issue on the Costs Issuance Date, (ii) in relation to transfers in connection with a Refinancing, or (iii) in connection with a syndication of equity interests by Consortium JVCo or its affiliates. Therefore, this ‘tag along’ right may not provide for a full (or any) exit for holders of Rollover Securities;

- it enables holders of Rollover Securities to sell Rollover Securities only pro rata to the proportion of Topco A Ordinary Shares transferred by Consortium JVCo or its affiliates in the transaction(s) giving rise to the ‘tag along’ right. Therefore, if Topco A Ordinary Shares have been transferred pursuant to one of the exceptions to the ‘tag along’ right, then the ‘tag along’ right would not apply to the subsequent transfer of those shares by such transferee;
- there is no requirement for Consortium JVCo to transfer Topco A Ordinary Shares on any known timeline;
- holders of Rollover Securities who exercise the ‘tag along’ right described above will be required to agree to the same terms and conditions as Consortium JVCo (or, if applicable the Consortium Members or their affiliates) in relation to the relevant transfer, including as to price and any covenants as a selling shareholder. The consideration payable to holders of Rollover Securities in such circumstances may or may not be cash and is not subject to any minimum threshold; and
- in the event of any Exit, Indirect Liquidity Event or Refinancing, holders of Rollover Securities will be required to cooperate with the Topco Group and Consortium JVCo, including to provide certain covenants, indemnities and commitments in connection with such process and to agree to pay related costs incurred by or attributable to the Topco Group and bear related liabilities. Holders of Rollover Securities will undertake upon entering into the Topco Shareholders’ Agreement not to take actions which are inconsistent with any proposed Exit, Indirect Liquidity Event or Refinancing;
- in relation to any further issues of securities, if holders of Rollover Securities wish to avoid their percentage interest in Topco being reduced by any such issue, they will need to invest further cash sums in the Topco Group and provide related documentation. In particular, holders of Rollover Securities who do not elect to exercise their catch-up rights by investing the necessary cash sums and providing related documentation in respect of any further issues of securities by the Topco Group will suffer significant dilution in their percentage ownership. The price of and valuation methodology in relation to such further issuances is not known and may be different to the value per Rollover Security to be estimated by Goldman Sachs in the Scheme Document;
- the rights of holders of Rollover Securities to participate in future issues of securities by Topco will apply on a catch-up basis only (i.e. to allow holders of Rollover Securities the opportunity to take up their pro rata entitlements to securities following completion of a related issue of securities to the Topco A Shareholders or other persons) and will be subject to a number of important exceptions (described in paragraph 7 of Appendix 4 to this announcement, including the ability of the holder(s) of a majority of the Rollover Securities to waive catch-up rights in connection with issues of securities by any member of the Topco Group). Such events may result in the economic entitlements

of holders of Rollover Securities suffering significant dilution. Any securities issued by members of the Topco Group in future may have different (including, potentially, preferential) rights or characteristics to the Rollover Securities. For example, holders of Rollover Securities will not be entitled to participate in any issues of securities:

- to actual or potential employees, directors, officers or consultants of the Topco Group (whether of the same or different classes to the Rollover Securities). If any member of the Topco Group introduces one or more management incentive plans for actual or potential employees, directors, officers and consultants of the Topco Group after the Effective Date that provide participants with an interest in securities in the Topco Group, such issue(s) could potentially significantly dilute the Rollover Securities. In addition, the Topco Group may not receive material cash sums on the issue of any such securities and the returns on any such securities may potentially be structured to increase their proportionate interest in the value of the Topco Group as it increases in value (whether pursuant to a ratchet mechanism or otherwise);
- to third-party lenders in connection with debt financing, in connection with an IPO or pre-IPO reorganisation or to third parties as non-cash consideration on the acquisition of, or merger with, all or part of another business, undertaking, company or assets. Any securities issued by members of the Topco Group in future may have different (including, potentially, preferential) rights or characteristics to the Rollover Securities; and
- if a Topco B Shareholder Majority agrees with Consortium JVCo to waive the right to participate in any such issue on behalf of all Topco B Shareholders;
- the HL Shares are currently admitted to trading on the Main Market of the London Stock Exchange and HL Shareholders are afforded certain standards and protections, including in respect of disclosure, as a result. HL Shareholders who, subject to implementation of the Rollover and the other terms in this announcement, receive Rollover Securities (being unlisted securities in a private company) will not be afforded protections commensurate with those that they currently benefit from as shareholders in HL. Except for information to be provided to persons who qualify as Substantial B Shareholders (but not to other holders of Rollover Securities), neither the Topco Articles nor the Topco Shareholders' Agreement will provide holders of Rollover Securities with information rights, and the default information rights available to minority shareholders in the position of the holders of Rollover Securities under Jersey law are very limited;
- the value of the Rollover Securities will depend on the future performance of the HL business under Consortium JVCo's ownership. This remains uncertain and could result in the amount received on any Exit or other transfer being less than the Cash Consideration foregone under the Cash Offer. There can be no certainty or guarantee as to the performance of the Topco Group or the HL Group following the Effective Date, and past performance cannot be relied upon as an indication of future performance growth;
- Consortium JVCo intends that the costs and expenses incurred and to be incurred by or on behalf of the Topco Group and the Consortium Members in connection with the Acquisition will be borne by the Topco Group. Following the implementation of the

Rollover, Consortium JVCo will subscribe for Topco A Ordinary Shares (at the same subscription price per share as Consortium JVCo paid in respect of its subscription for Topco A Ordinary Shares to fund the payment of the Cash Consideration to HL Shareholders) for an aggregate subscription amount equal to the total costs and expenses incurred and to be incurred by or on behalf of the Topco Group and the Consortium Members in connection with the Acquisition. This issuance will be implemented on a non-pre-emptive basis in order to enable the relevant members of the Topco Group to settle such costs and expenses, meaning that holders of Rollover Securities will not be entitled to participate and their economic rights in Topco will therefore be diluted by such issuance with effect from the Costs Issuance Date. Such costs and expenses incurred and to be incurred in connection with the Acquisition are currently expected to be approximately £100 million, which would result in a dilution of participating HL Shareholders of up to approximately 3 per cent. of the holding of HL Shareholders who elect to receive the Rollover Securities. An updated estimate of such costs and expenses will be included in the Scheme Document;

- Consortium JVCo intends that reasonable, properly incurred costs in connection with any Exit, reorganisation transaction or Refinancing or return of proceeds in future will be borne by the Topco Group and/or the holders of Topco Shares. Such costs would therefore result, directly or indirectly, in a pro rata reduction in the value of the investment made by holders of Rollover Securities in the Topco Group. The quantum of such costs is not known;
- certain consent rights under the Topco Shareholders' Agreement are exercisable by the holder(s) of a majority of the Rollover Securities. These include waiving catch-up rights of holders of Rollover Securities in connection with issues of securities by any member of the Topco Group. Depending on the number of persons who elect for the Alternative Offer and in what proportions, it is possible that such consent may in practice be capable of being given by one or a small number of holder(s) of Rollover Securities who hold a majority of the Rollover Securities (without any requirement to consult with or refer to the other holder(s) of Rollover Securities);
- Consortium JVCo may, acting reasonably, make any amendment to, or variation of, the Topco Shareholders' Agreement and/or Topco Articles and/or related documents (notwithstanding any class rights) without the consent of, or notification to, holders of Rollover Securities provided that such amendments or variations are not disproportionately adverse to the economic, tax or legal position of the holders of Rollover Securities (as a whole) or the governance rights of the holders of Rollover Securities, in each case as compared to Consortium JVCo. Any such amendment or variation must be for bona fide purposes and shall not be used to frustrate, terminate or reduce the rights of holders of Rollover Securities. Consortium JVCo may make any other amendment to, or variation of, the Topco Shareholders' Agreement and/or the Topco Articles and/or related documents on reasonable notice to the Topco B Shareholders and with the prior consent of (i) the holders of a majority of the Rollover Securities (excluding, for the purposes of this limb (i), any such Rollover Securities held by a Substantial B Shareholder) and (ii) the approval of each Substantial B Shareholder;
- the Topco Shareholders' Agreement includes a number of continuing obligations on holders of Rollover Securities, including (i) broad restrictions on saying or doing

anything which may be harmful or prejudicial to the goodwill or reputation of the Topco Group, the HL Group or any Consortium Member or their affiliates (amongst others) and (ii) a compliance covenant, which requires the holders of Rollover Securities to observe and fully comply therewith and includes an undertaking by the parties to exercise their rights to give full effect thereto, including passing certain resolutions and/or class consents, including in connection with an Exit or issue of securities (which means that circumstances may arise whereby the holders of Rollover Securities are obliged to vote in a particular way to comply with this covenant, or their right to object to a variation of class rights may be otherwise restricted). The Topco Shareholders' Agreement also contains a power of attorney whereby the Topco B Shareholders appoint Topco or Consortium JVCo as their attorney to provide the consents and approvals referred to above. A combination of such compliance covenants, the power of attorney and the variation provisions described above and certain other requirements in the Topco Shareholders' Agreement and Topco Articles therefore narrow the scope of class rights protections which would otherwise be available to holders of Rollover Securities under Jersey law; and

- certain rights and protections attaching to the Rollover Securities will depend on the number of Rollover Securities held by each relevant HL Shareholder. HL Shareholders will have no certainty as to the amount of Rollover Securities they would receive because:
  - the maximum number of Rollover Securities available to eligible HL Shareholders under the Alternative Offer will be limited to the equivalent of 35 per cent. of the issued ordinary share capital of Topco at completion of the Acquisition (following implementation of the Rollover). To the extent that elections for the Alternative Offer cannot be satisfied in full, the number of Rollover Securities to be issued to each eligible HL Shareholder who has validly elected for the Alternative Offer will be reduced on a pro rata basis, and the consideration due to HL Shareholders in respect of the balance of their HL Shares will be paid in cash in accordance with the terms of the Cash Offer; and
  - if (i) 2,000 or more HL Shareholders; or (ii) 500 or more HL Shareholders who are not Accredited Investors, in either case, where 300 or more of such HL Shareholders are US holders, elect for the Alternative Offer, Bidco may, at its discretion, determine that the Alternative Offer will not be made available, and the consideration payable to all HL Shareholders will be settled entirely in cash in accordance with the terms of the Cash Offer.

Further details on the Topco Group and the principal rights of the Rollover Securities are set out in Appendix 4 and will be summarised in the Scheme Document.

## **15 DISCLOSURE OF INTERESTS IN HL SECURITIES**

Except for the irrevocable undertakings referred to in paragraph 8 above and Appendix 3 and as disclosed below, as at 7 August 2024 (being the last practicable day before the date of this announcement) neither Bidco, nor any of its directors, nor, so far as Bidco is aware, any person treated as acting in concert (within the meaning of the Takeover Code) with it for the purposes of the Acquisition: (i) had any interest in or right to subscribe for or had borrowed or lent any HL Shares or securities convertible or exchangeable into HL Shares; or (ii) had any short positions in respect of relevant securities of HL (whether conditional

or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery; or (iii) has borrowed or lent any relevant securities of HL (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 3 on Rule 4.6 of the Takeover Code) save for any borrowed shares which have been either on-lent or resold; or (iv) is a party to any dealing arrangement of the kind referred to in Note 11(a) on the definition of acting in concert in the Takeover Code.

#### Interests

<b>Name</b>	<b>Nature of interest</b>	<b>Number of HL Shares</b>	<b>Percentage of HL's fully diluted share capital</b>
Platinum Ivy (or persons presumed to be acting in concert with it)	Securities owned and/or controlled	375,212	0.08
Platinum Ivy (or persons presumed to be acting in concert with it)	Cash-settled derivatives	614,233	0.13
Goldman Sachs Bank Europe SE	Securities borrowed	63,089	0.01
David Wells (acting in concert with CVC Advisers in relation to the Acquisition)	Securities owned and/or controlled	100	0.00

#### Short positions

<b>Name</b>	<b>Nature of interest</b>	<b>Number of HL Shares</b>	<b>Percentage of HL's fully diluted share capital</b>
Platinum Ivy (or persons presumed to be acting in concert with it)	Cash-settled derivatives	60,650	0.01

## **16 HL SHARE PLANS**

Participants in the HL Share Plans will be contacted regarding the effect of the Acquisition on their rights under the HL Share Plans and, where required, appropriate proposals will be made to such participants pursuant to Rule 15 of the Takeover Code in due course. Details of the impact of the Scheme on the HL Share Plans and the proposals referred to above will be set out in the Scheme Document.

## 17 SCHEME PROCESS

### Structure and mechanism

It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement between HL and the Scheme Shareholders under Part 26 of the 2006 Act.

The purpose of the Scheme is to provide for Bidco to become the holder of the entire issued, and to be issued, ordinary share capital of HL. This is to be achieved:

- under the Cash Offer by the transfer of the Scheme Shares to Bidco, in consideration for which relevant Scheme Shareholders shall receive the Cash Consideration on the basis set out in paragraph 2 of this announcement; and
- in respect of those Scheme Shareholders that validly elect for the Alternative Offer (and subject to the Alternative Offer Maximum, the Shareholding Cap and the US Holders Cap), through the receipt of Rollover Securities pursuant to the Rollover mechanic set out in paragraph 12 and Appendix 4 in exchange for the transfer to Bidco of the relevant number of Scheme Shares of the relevant eligible Scheme Shareholder,

in each case, to be effected pursuant to the Scheme.

### Conditions to the Acquisition

The Acquisition is subject to the Conditions and certain further terms referred to in Appendix 1 to this announcement and to the full terms and conditions to be set out in the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document) and will only become Effective if, among other things, the following events occur on or before 11.59 p.m. on the Long Stop Date:

- a resolution to approve the Scheme is passed by a majority in number of Scheme Shareholders present and voting (and entitled to vote) at the Court Meeting, either in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by those Scheme Shareholders;
- the Resolutions necessary to implement the Scheme and the Acquisition are passed by the requisite majority of HL Shareholders at the General Meeting;
- following the Court Meeting and General Meeting and satisfaction and/or waiver (where applicable) of the other Conditions, the Scheme is sanctioned by the Court (without modification, or with modification on terms agreed by Bidco and HL); and
- following such sanction, a copy of the Court Order is delivered to the Registrar of Companies.

Bidco may only invoke a Condition so as to cause the Acquisition not to proceed, lapse or to be withdrawn with the consent of the Panel. Certain Conditions are not subject to this requirement. Further details are set out below and in Part B of Appendix 1.



The Conditions in paragraphs 1 and 2.1(ii), 2.2(ii) and 2.3(ii) of Part A of Appendix 1 to this announcement provide that the Scheme will lapse (under the authority of Rule 13.5(b) of the Takeover Code) if:

- the Court Meeting and the General Meeting are not held by the 22nd day after the expected date of the Court Meeting and the General Meeting, such date to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and HL), unless such Condition is waived by Bidco;
- the Sanction Hearing is not held by the 22nd day after the expected date of the Sanction Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and HL), unless such Condition is waived by Bidco; or
- the Scheme does not become Effective on or by 11.59 p.m. on the Long Stop Date.

If any of the Conditions in paragraph 2.1(ii), 2.2(ii) or 2.3(ii) of Part A of Appendix 1 to this announcement is not satisfied by the date specified therein, Bidco shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by not later than 8.00 a.m. on the Business Day following the date so specified, stating whether Bidco has invoked that Condition, (where applicable) waived that Condition or, with the agreement of HL and where required, the consent of the Panel, specified a new date by which that Condition must be satisfied.

Once the necessary approvals from HL Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived and the Scheme has been approved by the Court, the Scheme will become Effective upon delivery of a copy of the Court Order to the Registrar of Companies. Subject to the satisfaction of the Conditions, the Scheme is expected to become Effective during the first quarter of 2025.

Upon the Scheme becoming Effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of HL Shares will cease to be valid and entitlements to HL Shares held within the CREST system will be cancelled. In accordance with the applicable provisions of the Takeover Code, the consideration for the transfer of the Scheme Shares to Bidco (pursuant to the Cash Offer or the Alternative Offer, as applicable) will be despatched within 14 days of the Effective Date.

Any HL Shares (other than any Excluded Shares) issued before the Scheme Record Time will be subject to the terms of the Scheme. The Resolutions to be proposed at the General Meeting will, amongst other matters, provide that the Articles be amended to incorporate provisions requiring any HL Shares issued after the Scheme Record Time (other than to Bidco and/or its nominees) to be automatically transferred to Bidco on the same terms as the Acquisition (other than terms as to timings and formalities). The provisions of the Articles (as amended) will avoid any person (other than Bidco and its nominees) holding shares in the capital of HL after the Effective Date.

Full details of the Scheme, including expected times and dates for each of the Court Meeting, the General Meeting and the Sanction Hearing, together with notices of the Court Meeting and the General Meeting, will be set out in the Scheme Document. It is expected that the Scheme Document and the forms of proxy and the Form of Election accompanying

the Scheme Document will be published as soon as practicable and in any event within 28 days of this announcement (or on such later date as Bidco and HL may, with the consent of the Panel, agree and, if required, the Court may approve).

## **18 DELISTING, AND CANCELLATION OF TRADING AND RE-REGISTRATION**

It is intended that the London Stock Exchange and the FCA will be requested respectively to cancel trading in HL Shares on the London Stock Exchange's Main Market and the listing of the HL Shares on the Official List with effect on or shortly after the Effective Date.

It is expected that the last day of dealings in HL Shares on the Main Market of the London Stock Exchange will be the Business Day immediately prior to the Effective Date and no transfers will be registered after 6.00 p.m. (London time) on that date.

It is also intended that HL will be re-registered as a private limited company and for this to take effect as soon as practicable following the Effective Date.

## **19 DOCUMENTS**

Copies of the following documents will be available promptly on HL's website, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at [www.hl.co.uk/investor-relations](http://www.hl.co.uk/investor-relations) and in any event by no later than noon on the Business Day following this announcement until the end of the Offer Period:

- this announcement;
- the Confidentiality Agreement;
- the Cooperation Agreement;
- the Bid Conduct Agreement;
- the Clean Team Agreement;
- the Joint Defence Agreement;
- the Topco Shareholders' Agreement;
- the Topco Articles;
- the Bidco Articles;
- the irrevocable undertakings referred to in paragraph 8 above and summarised in Appendix 3 to this announcement;
- the documents entered into for the financing of the Acquisition referred to in paragraph 9 above; and
- the consent letters from financial advisers to being named in this announcement.

Neither the content of the website referred to in this announcement, nor any website accessible from any hyperlinks set out in this announcement, is incorporated into or forms part of this announcement.

## **20 GENERAL**

Bidco reserves the right to elect (with the consent of the Panel and subject to the terms of the Cooperation Agreement) to implement the Acquisition by way of an Offer as an alternative to the Scheme. In such event, the Offer will be implemented on substantially the same terms, so far as is applicable, as those which would apply to the Scheme, subject to the replacement of Conditions 2.1, 2.2, 2.3 and 2.4 set out in Part A of Appendix 1 with an acceptance condition set (subject to the terms of the Cooperation Agreement) at a level permitted by the Panel.

If the Acquisition is effected by way of an Offer, and such an Offer becomes or is declared unconditional and sufficient acceptances are received, Bidco intends to: (i) make a request to the FCA to cancel the listing of the HL Shares on the Official List; (ii) make a request to the London Stock Exchange to cancel the trading of HL Shares on its Main Market; and (iii) exercise its rights to apply the provisions of Chapter 3 of Part 28 of the 2006 Act so as to acquire compulsorily the remaining HL Shares in respect of which the Offer has not been accepted.

Investors should be aware that Bidco may purchase HL Shares otherwise than under the Scheme or any Offer, including pursuant to privately negotiated purchases.

The Acquisition will be on the terms and subject to the conditions set out herein and in Appendix 1, and to be set out in the Scheme Document. The bases and sources for certain financial information contained in this announcement are set out in Appendix 2. Details of the irrevocable undertakings and non-binding written confirmations of intent received by Bidco are set out in Appendix 3. Details of Topco and the Rollover Securities are set out in Appendix 4. Certain definitions and terms used in this announcement are set out in Appendix 5.

The Scheme Document, the related forms of proxy and the Form of Election are expected to be sent to HL Shareholders within 28 days of this announcement (or on such later date as Bidco, HL and the Panel may agree). A copy of the Scheme Document is also expected to be sent (for information only) to persons with information rights and participants in the HL Share Plans at the same time as it is posted to HL Shareholders.

Goldman Sachs (as financial adviser to Bidco and the Consortium), Fenchurch, Barclays and Deutsche Numis (as joint financial advisers to HL) and Morgan Stanley (as special financial adviser to the HL Independent Directors) have each given and not withdrawn their consent to the publication of this announcement with the inclusion herein of the references to their names in the form and context in which they appear.

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Kirkland & Ellis International LLP is acting as legal adviser to Bidco and Nordic Capital XI Delta. Latham & Watkins (London) LLP is acting as legal adviser to CVC. Linklaters LLP is acting as legal adviser to Platinum Ivy.

Freshfields Bruckhaus Deringer LLP is acting as legal adviser to HL.

### **Further information**

*Goldman Sachs International (“**Goldman Sachs**”), which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom is acting exclusively for Bidco and the Consortium as financial advisers and no one else in connection with the Acquisition and other matters set out in this announcement and will not be responsible to anyone other than Bidco and the Consortium for providing the protections afforded to clients of Goldman Sachs, nor for providing advice in connection with the Acquisition, the content of this announcement or any matter referred to herein. Neither Goldman Sachs nor any of Goldman Sachs’ 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 Goldman Sachs in connection with this announcement, any statement contained herein or otherwise.*

*Fenchurch Advisory Partners LLP (“**Fenchurch**”), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for HL and no-one else in connection with the Acquisition described in this announcement and accordingly will not be responsible to anyone other than HL for providing the protections afforded to its clients nor for providing advice in relation to the matters described in this announcement.*

*Barclays Bank PLC (“**Barclays**”), acting through its Investment Bank, is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for HL and no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than HL for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Acquisition, the content of this announcement or any other matter referred to in this announcement.*

*Numis Securities Limited (“**Deutsche Numis**”), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for HL and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than HL for providing the protections afforded to clients of Deutsche Numis, nor for providing advice in relation to any matter referred to herein. Neither Deutsche Numis nor any of its affiliates (nor any of their respective directors, officers, employees or agents), owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Deutsche Numis in connection with this announcement, any statement contained herein or otherwise.*

*Morgan Stanley & Co. International plc (“**Morgan Stanley**”) which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom is acting as special financial adviser exclusively for the Independent HL Board and no one else in connection with the matters contained in this announcement Morgan Stanley, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any person other than the Independent HL Board for providing the protections afforded to clients of Morgan Stanley or for providing advice with the matters contained in this announcement or any other matter referred to herein.*

*This announcement is for information purposes only and 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 or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of HL in any jurisdiction in contravention of applicable law. The Acquisition will be made solely by means of the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document), which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any vote in respect of the Scheme or other response in relation to the Acquisition should be made only on the basis of the information contained in the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document). HL and Bidco encourage HL Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Acquisition.*

*This announcement does not constitute a prospectus, prospectus equivalent document or exempted document.*

*This announcement contains inside information in relation to HL for the purposes of Article 7 of the Market Abuse Regulation. The person responsible for arranging the release of this announcement on behalf of HL is Claire Chapman, Group General Counsel and Company Secretary. HL's Legal Entity Identifier is 2138008ZCE93ZDSESG90.*

***If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under the FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.***

### **Overseas shareholders**

*The release, publication or distribution of this announcement in or into jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves of, and observe, any applicable legal or regulatory requirements. Any failure to comply with such requirements may constitute a violation of the securities laws of any 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. This announcement has been prepared in accordance with and for the purpose of complying with English law, the Takeover Code, the Market Abuse Regulation, the Listing Rules and the Disclosure Guidance and Transparency Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.*

*The availability of the Acquisition (including the Alternative Offer) to HL Shareholders who are not resident in and citizens of the UK may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. In particular, the ability of persons who are not resident in the UK to vote their HL Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition (including*

*the Alternative Offer) disclaim any responsibility or liability for the violation of such restrictions by any person.*

*Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition (including the Alternative Offer) will not be made available, in whole or in part, directly or indirectly, in, into, from, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail 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 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 Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this announcement and any formal documentation relating to the Acquisition (including the Alternative Offer) are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including, without limitation, agents, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer (including the Alternative Offer) may not be made directly or indirectly, in, into, from, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail 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 the Offer (including the Alternative Offer) may not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.*

*HL Shareholders should be aware that the transaction contemplated herein may have tax consequences and that such consequences, if any, are not described herein. HL Shareholders are urged to consult with appropriate legal, tax and financial advisers in connection with the consequences of the Acquisition (including any election for the Alternative Offer) on them. It is intended that the Bidco Rollover Securities, Finco Rollover Securities, Midco 2 Rollover Securities and Midco 1 Rollover Securities constitute non-qualifying corporate bonds for holders of such securities who are UK tax resident individuals.*

*Further details in relation to Overseas Shareholders will be included in the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document).*

### **Notice to U.S. HL Shareholders**

*The Acquisition relates to the shares of an English company with a listing on the London Stock Exchange and is being made by means of a scheme of arrangement provided for under English law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Exchange Act. Accordingly, the Scheme is subject to the disclosure requirements and practices applicable in the UK to takeover offers and schemes of arrangement which differ from the disclosure requirements of the U.S. tender offer and proxy solicitation rules. The financial information included in this announcement has been prepared in accordance with generally accepted accounting principles of the UK and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.*



*If, in the future, Bidco exercises its right to implement the Acquisition by way of an Offer, which is to be made into the U.S., such Offer will be made in compliance with applicable U.S. laws and regulations.*

*It may be difficult for US holders of HL Shares to enforce their rights and any claim arising out of U.S. federal laws, since Bidco and HL are located in a non-U.S. jurisdiction, and some or all of their officers and directors may be residents of a non-U.S. jurisdiction. US holders of HL Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgement.*

*In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, Bidco, its nominees or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, HL Shares outside of the U.S., other than pursuant to the Acquisition, until the date on which the Acquisition becomes Effective, lapses or is otherwise withdrawn. Also, in accordance with Rule 14e-5(b) of the US Exchange Act, Goldman Sachs will continue to act as an exempt principal trader in HL Shares on the London Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website, [www.londonstockexchange.com](http://www.londonstockexchange.com).*

*U.S. HL Shareholders also should be aware that the transaction contemplated herein may have tax consequences in the U.S. and that such consequences, if any, are not described herein. U.S. HL Shareholders are urged to consult with appropriate legal, tax and financial advisers in connection with the tax consequences of the Acquisition applicable to them.*

*The Rollover Securities issued under the Alternative Offer will not be registered under the US Securities Act or under relevant securities laws of any state or territory or other jurisdiction of the United States. Bidco expects to issue the Rollover Securities in reliance upon the exemption from the registration requirements under the US Securities Act provided by Section 3(a)(10) thereof ("**Section 3(a)(10)**"). Section 3(a)(10) exempts securities issued in specified exchange transactions from the registration requirement under the US Securities Act where, among other requirements, the fairness of the terms and conditions of the issuance and exchange of such securities have been approved by a court or governmental authority expressly authorised by law to grant such approval, after a hearing upon the fairness of the terms and conditions of the exchange at which all persons to whom the Rollover Securities are proposed to be issued have the right to appear (and will not encounter any improper impediments to appear) and receive adequate and timely notice thereof. If the exemption afforded by Section 3(a)(10) is not available to Bidco, then Bidco expects to avail itself of another available exemption to the registration requirements under the US Securities Act. If Bidco exercises its right to implement the acquisition of the HL Shares by way of an Offer, the Rollover Securities will not be offered in the U.S. except pursuant to an exemption from or in a transaction not subject to registration under the US Securities Act.*

*The Rollover Securities will not be listed on any stock exchange. Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved of the Alternative Offer or has determined or will determine if the Scheme Document is accurate or complete. Any representation to the contrary is a criminal offence.*

## **Forward looking statements**

*This announcement (including information incorporated by reference in this announcement), statements made regarding the Acquisition, and other information published by Bidco and HL contain statements which are, or may be deemed to be, “forward-looking statements”. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and HL about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.*

*The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on Bidco and HL (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “prepares”, “plans”, “expects” or “does not expect”, “is expected”, “is subject to”, “budget”, “projects”, “synergy”, “strategy”, “scheduled”, “goal”, “estimates”, “forecasts”, “cost-saving”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Forward looking statements may 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 Bidco’s, HL’s, any member of the Bidco Group or any member of the HL Group’s operations and potential synergies resulting from the Acquisition; and (iii) the effects of global economic conditions and governmental regulation on Bidco’s, HL’s, any member of the Bidco Group or any member of the HL Group’s business.*

*Although Bidco and HL believe that the expectations reflected in such forward-looking statements are reasonable, Bidco and HL can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.*

*These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms and schedule; changes in the global political, economic, business and competitive environments and in market and regulatory forces; changes in future exchange and interest rates; changes in tax rates; future business combinations or disposals; changes in general economic and business conditions; changes in the behaviour of other market participants; changes in the anticipated benefits from the Acquisition not being realised as a result of changes in general economic and market conditions in the countries in which Bidco and HL operate, weak, volatile or illiquid capital and/or credit markets, changes in tax rates, interest rate and currency value fluctuations, the degree of competition in the geographic and business areas in which Bidco and HL operate and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results may differ materially from those expected,*

*estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors. Neither Bidco nor HL, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place any reliance on these forward-looking statements. The forward-looking statements speak only at the date of this announcement. All subsequent oral or written forward-looking statements attributable to Bidco or any member of the Wider Bidco Group or the HL Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.*

*Other than in accordance with their legal or regulatory obligations, neither Bidco nor HL is under any obligation, and Bidco and HL expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

### **Dealing and opening position disclosure requirements**

*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) of the Takeover Code applies must be made by no later than 3.30 p.m. (London time) on the 10<sup>th</sup> business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10<sup>th</sup> 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.*

*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).*

*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 a website**

*A copy of this announcement and the documents required to be published under Rule 26 of the Takeover Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on HL's website at [www.hl.co.uk/investor-relations](http://www.hl.co.uk/investor-relations) by no later than 12 noon (London time) on the Business Day following this announcement. For the avoidance of doubt, neither the content of this website nor of any website accessible from any hyperlinks set out in this announcement is incorporated by reference or form part of this announcement.*

### **No profit forecasts, estimates or quantified benefits statements**

*No statement in this announcement is intended as a profit forecast, profit estimate or quantified benefits statement for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for HL for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for HL.*

### **Requesting Hard Copy Documents**

*In accordance with Rule 30.3 of the Takeover Code, HL Shareholders, persons with information rights and participants in HL Share Plans may request a hard copy of this announcement (and any document or information incorporated into it by reference to another source) by contacting HL's registrars, Equiniti, by writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, United Kingdom, BN99 6DA or by calling them during business hours on 0371 384 2030 from within the UK or on +44 371 384 2030 if calling from outside the UK. For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement (and any document or information incorporated by reference into this announcement) will not be sent unless so requested. In accordance with Rule 30.3 of the Takeover Code, such persons may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be sent in hard copy form.*

### **Electronic communications**

*Please be aware that addresses, electronic addresses and certain other information provided by HL Shareholders, persons with information rights and other relevant persons for the receipt of communications from HL may be provided to Bidco during the offer period as required*

*under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.*

### **Rounding**

*Certain figures included in this announcement 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 figures that precede them.*

### **General**

*Bidco reserves the right to elect, with the consent of the Panel (where necessary) and subject to the terms of the Cooperation Agreement, to implement the Acquisition by way of an Offer as an alternative to the Scheme. In such an event, such an Offer will be implemented on substantially the same terms, so far as applicable, as those which would apply to the Scheme (subject to appropriate amendments to reflect the change in method of implementation and the terms of the Cooperation Agreement).*

*If the Acquisition is effected by way of an Offer, and such an Offer becomes or is declared unconditional and sufficient acceptances are received, Bidco intends to exercise its rights to apply the provisions of Chapter 3 of Part 28 of the 2006 Act so as to acquire compulsorily the remaining HL Shares in respect of which the Offer has not been accepted.*

*Investors should be aware that Bidco may purchase HL Shares otherwise than under any Offer or the Scheme, including pursuant to privately negotiated purchases.*

### **Disclaimer**

*The Acquisition will be subject to English law, the jurisdiction of the Court, and the applicable requirements of the 2006 Act, the Takeover Code, the Panel, the London Stock Exchange and the FCA.*

**Appendix 1**  
**Conditions and Further Terms of the Transaction**

**Part A**  
***Conditions to the Scheme and Acquisition***

1. The Acquisition will be conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Takeover Code, by no later than 11.59 p.m. on the Long Stop Date.

Conditions of the Scheme

2. The Scheme will be subject to the following Conditions:
  - 2.1 (i) its approval by a majority in number of, representing not less than 75 per cent. in value of the Scheme Shares held by, the Scheme Shareholders who are on the register of members of HL (or the relevant class or classes thereof, if applicable) at the Voting Record Time, present and voting (and entitled to vote), whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required (or any adjournment thereof); and (ii) such Court Meeting (and any separate class meeting which may be required) being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and HL with the consent of the Panel (and that the Court may approve if required));
  - 2.2 (i) the Resolutions being duly passed by the requisite majority or majorities at the General Meeting (or at any adjournment thereof); and (ii) such General Meeting being held on or before the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and HL with the consent of the Panel (and that the Court may approve, if required));
  - 2.3 (i) the sanction of the Scheme by the Court (with or without modification (but subject to such modification being acceptable to Bidco and HL)); and (ii) the Sanction Hearing being held on or before the 22nd day after the expected date of the Sanction Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and HL with the consent of the Panel (and that the Court may approve, if required)); and
  - 2.4 the delivery of a copy of the Court Order to the Registrar of Companies.

General Conditions

3. In addition, subject as stated in Part B of this Appendix 1, Bidco and HL have agreed that the Acquisition will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

## Antitrust approvals

### China

#### 3.1 either:

- 3.1.1 the State Administration for Market Regulation of the People's Republic of China (“**SAMR**”) having declined jurisdiction over the Acquisition or all relevant parts of it; or
- 3.1.2 the SAMR having issued a decision under Article 30 or 31 of the China Anti-monopoly Law (“**China AML**”) to approve (including not to conduct further review of or not to prohibit) the Acquisition or all relevant parts of it (whether unconditionally or subject to such conditions, obligations, undertakings or modifications pursuant to Article 35 of the China AML); or
- 3.1.3 the SAMR not having issued any decision, under Article 30 or 31 of the China AML, but being deemed to have cleared the Acquisition due to the expiration or termination of the legal statutory limitation period provided for such purposes,

(“**China Antitrust Clearance**”);

### European Union

#### 3.2 insofar as the Acquisition or any part of it constitutes, or is deemed to constitute, a concentration with a Community dimension within the scope of Council Regulation (EC) 139/2004 (as amended) (the “**EU Regulation**”) or the European Commission otherwise accepts jurisdiction to examine the Acquisition under the EU Regulation:

- 3.2.1 the European Commission having issued a decision under Article 6(1)(b) of the EU Regulation, or being deemed to have done so under Article 10(6) of the EU Regulation, declaring the Acquisition and any and all relevant parts of it compatible with the internal market; and/or
- 3.2.2 following a referral by the European Commission of the Acquisition (or parts of it) to a relevant national competition authority, regulatory body or governmental department within any EU/EFTA Member State (under Article 9 of the EU Regulation), Bidco having received confirmation from the national competition authority concerned that the Acquisition (or any and all relevant parts of it) has been approved in accordance with the relevant national legislation of that EU Member State,

(“**EU Antitrust Clearance**”);

### Switzerland

#### 3.3 the Swiss Competition Commission: (i) having unconditionally approved the Acquisition or any and all relevant parts of it in writing; (ii) having conditionally

approved the Acquisition or any and all relevant parts of it in writing; (iii) having denied jurisdiction over the Acquisition or any and all relevant parts of it in writing; or (iv) being deemed to have approved the Acquisition or any and all relevant parts of it due to expiry of the applicable Phase I review period (“**Swiss Antitrust Clearance**”);

#### Turkey

3.4 either:

3.4.1 the Turkish Competition Board (the “**TCB**”) having issued a decision pursuant to the Act on the Protection of Competition (Law No. 4054, as amended (the “**Turkish Competition Act**”)) and Communiqué No. 2010/4 on the Mergers and Acquisitions Calling for the Authorisation of the Competition Board (as amended) (the “**Turkish Merger Communiqué**”), stating that the Acquisition is not subject to notification or otherwise having declined jurisdiction over the Acquisition or any and all relevant parts of it; or

3.4.2 the TCB having issued a decision under the Turkish Competition Act and Turkish Merger Communiqué approving the Acquisition after a preliminary examination either unconditionally or subject to conditions; or

3.4.3 the statutory waiting period of 30 days specified in Article 10 of the Turkish Competition Act expiring without the TCB responding to or taking any action in relation to the notification made regarding the Acquisition or any and all relevant parts of it,

(“**Turkish Antitrust Clearance**”);

#### United Kingdom

3.5 one of the following having occurred:

3.5.1 the Competition and Markets Authority (“**CMA**”) having indicated, in terms satisfactory to Bidco (acting reasonably), in response to a briefing paper submitted by Bidco, that it has no further questions or that it does not intend to open a CMA merger investigation in relation to the Acquisition or any matters arising therefrom in either case at that stage and, as at the date on which all other Conditions are satisfied or waived, the CMA having confirmed the same following responses by Bidco or other parties involved in the Acquisition (as applicable) to subsequent questions raised by the CMA (if applicable); or

3.5.2 if the CMA opens such a CMA merger investigation: (i) confirmation having been received in writing from the CMA, in terms satisfactory to Bidco (acting reasonably), that the CMA does not intend to make a CMA Phase 2 Reference in connection with the Acquisition or any matters arising there from; or (ii) the period within which the CMA is required to decide whether the duty to make a CMA Phase 2 reference



applies with respect to the Acquisition or any matters arising therefrom has expired without such a decision having been made,

(“**UK Antitrust Clearance**”);

#### Regulatory approvals

- 3.6 receipt of written notice from the FCA in accordance with section 189(4) or 189(7) of FSMA either unconditionally or with conditions satisfactory to Bidco, acting reasonably of the FCA’s approval of the acquisition or increase of control (within the meaning of section 181 of FSMA) over each member of the Wider HL Group that is a UK authorised person (as defined in section 191G(1) of FSMA) by each member of the Wider Bidco Group or any Consortium Member or any affiliate thereof whose acquisition or increase of control (as also defined in section 191G(1) of FSMA) over such entities would take place as a result of the Acquisition or its implementation or the FCA has otherwise been deemed to have given such approval pursuant to section 189(6) of FSMA;

#### Other Third Party clearances

- 3.7 other than in respect of the matters referred to in Conditions 3.1 to 3.6, no central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction (each a “**Third Party**”) having 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 would reasonably be expected to:
- 3.7.1 make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider HL Group by any member of the Wider Bidco Group void, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prevent, prohibit, or materially restrain, restrict, impede, challenge, delay or otherwise materially interfere with the implementation of, or impose material additional conditions or obligations with respect to, the Acquisition or the acquisition of any shares or other securities in, or control or management of, any member of the Wider HL Group by any member of the Wider Bidco Group;
- 3.7.2 require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Bidco Group or by any member of the Wider HL Group of all or any part of their businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part

thereof) or to own, control or manage any of their assets or properties (or any part thereof) in any case to an extent which is material in the context of the Wider Bidco Group taken as a whole or in the context of the Acquisition;

- 3.7.3 impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Bidco Group directly or indirectly to acquire or hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in HL (or any member of the Wider HL Group) or on the ability of any member of the Wider HL Group or any member of the Wider Bidco Group directly or indirectly to hold or exercise effectively any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the Wider HL Group in any case to an extent which is material in the context of the Wider HL Group taken as a whole or in the context of the Acquisition;
- 3.7.4 other than pursuant to the terms or implementation of the Scheme or, if applicable, sections 974 to 991 of the 2006 Act, require any member of the Wider Bidco Group or the Wider HL Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider HL Group owned by any third-party in any case which is material in the context of the Wider HL Group or the Wider Bidco Group, in either case, taken as a whole;
- 3.7.5 require, prevent or materially delay a divestiture by any member of the Wider Bidco Group of any shares or other securities (or the equivalent) in any member of the Wider HL Group;
- 3.7.6 result in any member of the Wider HL Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Wider HL Group taken as a whole or in the context of the Acquisition;
- 3.7.7 impose any limitation on the ability of any member of the Wider Bidco Group or any member of the Wider HL Group to conduct, integrate or co-ordinate all or any part of their respective businesses with all or any part of the business of any other member of the Wider Bidco Group and/or the Wider HL Group in a manner and to an extent which is adverse and material to the Wider Bidco Group and/or the Wider HL Group, in either case, taken as a whole or in the context of the Acquisition; or
- 3.7.8 except as Disclosed, otherwise affect the business, assets, value, profits or prospects of any member of the Wider HL Group or any member of the Wider Bidco Group in each case in a manner and to an extent which is adverse to and material in the context of the Wider HL Group taken as a whole or of the financing of the Acquisition;

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 relevant jurisdiction in respect of the Acquisition or proposed acquisition of any HL Shares having expired, lapsed, or been terminated;

- 3.8 other than in respect of the matters referred to in Conditions 3.1 to 3.6, all notifications, filings or applications which are deemed by Bidco (acting reasonably) to be necessary or reasonably considered to be appropriate in any relevant jurisdiction 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 relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with and all Authorisations which are deemed by Bidco (acting reasonably) to be necessary or reasonably considered to be appropriate in any jurisdiction for or in respect of the Acquisition or the proposed acquisition of any shares or other securities in, or control of, HL by any member of the Wider Bidco Group having been obtained on terms and in a form reasonably satisfactory to Bidco 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 HL Group or the Wider Bidco Group has entered into contractual arrangements in each case where the direct consequence of a failure to make such notification or filing or to wait for the expiry, lapse or termination of any such waiting or other time period or to comply with such obligation or obtain such Authorisation would be unlawful in any relevant jurisdiction or have a material adverse effect on the Wider HL Group or any member of the Bidco Group (in each case, taken as a whole) or the ability of Bidco to implement the Scheme and all such Authorisations remaining in full force and effect at the time at which the Scheme becomes Effective and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;
- 3.9 no injunction, enjoinder, or other order issued and being in effect by a court or other Third Party which has the effect of making the Acquisition or its implementation, void, voidable, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prohibiting, preventing or materially restraining, restricting or delaying or otherwise materially interfering with the completion of the Acquisition;

Confirmation of absence of adverse circumstances

- 3.10 except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider HL Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Acquisition or the proposed acquisition by any member of the Wider Bidco Group of any shares or other securities in HL or because of a change in the control or management of any member of the Wider HL Group or otherwise, would or would reasonably be expected to result in, in each case to an extent which is material in the context of the Wider HL Group taken as a whole or to the financing of the Acquisition:

- 3.10.1 any monies borrowed by, or any other indebtedness, actual or contingent of, or any grant available to, any member of the Wider HL Group 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 becoming capable of being withdrawn or inhibited;
- 3.10.2 the rights, liabilities, obligations, interests or business of any member of the Wider HL Group or any member of the Wider Bidco Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider HL Group or any member of the Wider Bidco Group in or with any other firm or company or body or person (or any agreement or arrangement relating to any such business or interests) being or reasonably being expected to become terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
- 3.10.3 any member of the Wider HL Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the HL Group taken as a whole or in the context of the Acquisition;
- 3.10.4 any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider HL Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider HL Group otherwise than in the ordinary course of business;
- 3.10.5 other than in the ordinary course of business, the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider HL Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen), becoming enforceable;
- 3.10.6 the business, assets, value, financial or trading position, profits or prospects of any member of the Wider HL Group being prejudiced or adversely affected;
- 3.10.7 the creation or acceleration of any material liability (actual or contingent) by any member of the Wider HL Group other than trade creditors or other liabilities incurred in the ordinary course of business; or
- 3.10.8 any liability of any member of the Wider HL Group to make any severance, termination, bonus or other payment to any of its directors or other officers other than in the ordinary course of business;

No material transactions, claims or changes in the conduct of the business of the HL Group

- 3.11 except as Disclosed, no member of the Wider HL Group having since 30 June 2023:
- 3.11.1 save as between HL and its wholly-owned subsidiaries or between such wholly-owned subsidiaries and save for the issue or transfer out of treasury of HL Shares on the exercise of options or vesting of awards granted in the ordinary course under the HL Share Plans, issued or agreed to issue or authorised the issue of additional shares of any class, or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold or agreed to transfer or sell or authorised the transfer or sale of HL Shares out of treasury;
  - 3.11.2 recommended, declared, paid or made any bonus issue, dividend or other distribution (whether payable in cash or otherwise) other than to HL or one of its wholly-owned subsidiaries or (for the avoidance of doubt) the 2024 Full-Year Dividend;
  - 3.11.3 save as between HL and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, merged with (by statutory merger or otherwise) or demerged from or acquired any body corporate, partnership or business or acquired or disposed of, or, other than in the ordinary course of business, transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) or authorised the same, in each case to an extent which is material in the context of the Wider HL Group taken as a whole;
  - 3.11.4 save as between HL and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made or authorised any change in its loan capital other than in the ordinary course of business and to an extent which is material in the context of the Wider HL Group taken as a whole;
  - 3.11.5 issued, authorised or proposed or made any change in or to the terms of, any debentures or (save in the ordinary course of business and save as between HL and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or become subject to any contingent liability to an extent which is material in the context of the Wider HL Group taken as a whole or in the context of the Acquisition;
  - 3.11.6 entered into, varied or authorised any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) (otherwise than in the ordinary course of business) which is of a long-term, unusual or onerous nature, or which involves or could reasonably be expected to involve an obligation of such nature or magnitude which is or would reasonably be expected to be restrictive

on the business of any member of the Wider HL Group to an extent which is or would reasonably be expected to be material to the Wider HL Group taken as a whole;

- 3.11.7 outside the normal course of business, entered into any licence or other disposal of intellectual property rights of any member of the Wider HL Group which are material in the context of the Wider HL Group;
- 3.11.8 entered into, varied or authorised the entry into or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, commitment, arrangement or any service agreement with any director or senior executive of the Wider HL Group, save for salary increases, bonuses or variations of terms in the ordinary course;
- 3.11.9 except as permitted by or pursuant to the terms of the Cooperation Agreement, 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 HL Group which, taken as a whole, are material in the context of the Wider HL Group taken as a whole;
- 3.11.10 (i) (excluding the trustee of any pension scheme(s) established by a member of the Wider HL Group other than where that trustee is HL itself) made, agreed or consented to or procured any significant change to: (a) the terms of any existing trust deeds, rules, policy or other governing documents, or entered into or established any new trust deeds, rules, policy or other governing documents, constituting any pension scheme or other retirement or death benefit arrangement established for the directors, former directors, employees or former employees of any entity in the Wider HL Group or their dependants and established by a member of the Wider HL Group (a “**Relevant Pension Plan**”); (b) the basis on which benefits accrue, pensions which are payable or the persons entitled to accrue or be paid benefits, under any Relevant Pension Plan; (c) the basis on which the liabilities of any Relevant Pension Plan are funded or valued; or (d) the basis or rate of employer contribution to a Relevant Pension Plan, in each case to the extent which is material in the context of the Wider HL Group taken as a whole or in the context of the Acquisition and other than as required in accordance with applicable law; (ii) enter into or propose to enter into one or more bulk annuity contracts in relation to any Relevant Pension Plan; or (iii) carried out any act: (a) which would or could reasonably be expected to lead to the commencement of the winding up of any Relevant Pension Plan; (b) which would or is reasonably likely to create a material debt owed by an employer to any Relevant Pension Plan; (c) which would or might accelerate any obligation on any employer to fund or pay additional contributions to any Relevant Pension Plan; or (d) which would, having regard to the published guidance of the Pensions Regulator give rise directly or indirectly to a liability in respect of a Relevant Pension Plan arising out of the operation of sections 38 and 38A of the Pensions Act 2004 in relation to a Relevant Pension Plan, in each case to the extent which is

material in the context of the Wider HL Group taken as a whole or in the context of the Acquisition and other than as required in accordance with applicable law;

- 3.11.11 other than to fill a vacancy on the board of directors of a corporate trustee, changed the trustee or trustee directors or other fiduciary of any Relevant Pension Plan;
- 3.11.12 entered into, implemented or effected, or authorised any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, commitment, scheme or other transaction or arrangement (other than the Scheme) otherwise than in the ordinary course of business which is material in the context of the Wider HL Group taken as a whole or in the context of the Acquisition;
- 3.11.13 purchased, redeemed or repaid any of its own shares or other securities or reduced or, save in respect of the matters mentioned in subparagraph 3.11.1 above, made any other change to any part of its share capital to an extent which (other than in the case of HL) is material in the context of the Wider HL Group taken as a whole;
- 3.11.14 other than with respect to claims between HL and its wholly-owned subsidiaries (or between such subsidiaries), waived, compromised or settled any claim otherwise than in the ordinary course of business which is material in the context of the Wider HL Group taken as a whole or in the context of the Acquisition;
- 3.11.15 made any alteration to its articles of association or other constitutional documents (in each case, other than in connection with the Scheme) which is material in the context of the Acquisition;
- 3.11.16 (other than in respect of a member of the Wider HL Group which is dormant and was solvent at the relevant time) taken any 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 any administrator, receiver, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed which is in any case material in the context of the Wider HL Group taken as a whole or in the context of the Acquisition;
- 3.11.17 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 HL Group taken as a whole or in the context of the Acquisition;

- 3.11.18 entered into any contract, commitment, agreement or arrangement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to effect any of the transactions, matters or events referred to in this Condition;
- 3.11.19 terminated or varied the terms of any agreement or arrangement between any member of the Wider HL Group and any other person in a manner which would or might be expected to have a material adverse effect on the financial position of the Wider HL Group taken as a whole; or
- 3.11.20 following the date of this announcement (and except for any matters referred to herein), taken any action which requires, or would require, the consent of the Panel or the approval of HL Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;

No material adverse change

3.12 since 30 June 2023, and except as Disclosed:

- 3.12.1 no adverse change and no circumstance having arisen which would be expected to result in any adverse change or deterioration in the business, assets, financial or trading position, profits or prospects of any member of the Wider HL Group to an extent which is material to the Wider HL Group taken as a whole or to the financing of the Acquisition;
- 3.12.2 no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider HL Group or to which any member of the Wider HL Group is or may become a party (whether as claimant or defendant or otherwise) which, in any such case, would reasonably be expected to have a material adverse effect on the Wider HL Group taken as a whole, and (other than as a result of the Acquisition) no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Third Party against or in respect of any member of the Wider HL Group having been threatened, announced or instituted by or against, or remaining outstanding in respect of, any member of the Wider HL Group which, in any such case, would reasonably be expected to have a material adverse effect on the Wider HL Group taken as a whole;
- 3.12.3 no contingent or other liability of any member of the Wider HL Group having arisen, increased or become apparent which would reasonably be expected to adversely affect the business, assets, financial or trading position, profits or prospects of any member of the Wider HL Group to an extent which is material to the Wider HL Group taken as a whole;



- 3.12.4 other than in respect of the matters referred to in Conditions 3.1 to 3.6, no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider HL Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and reasonably likely to have a material adverse effect on the Wider HL Group taken as a whole; or
  - 3.12.5 no member of the Wider HL Group having conducted its business in material breach of any applicable laws and regulations which in any case is material in the context of the Wider HL Group taken as a whole;
- 3.13 in relation to the period since 30 June 2023, and except as Disclosed, Bidco not having discovered:
- 3.13.1 that any financial, business or other information concerning the Wider HL Group publicly announced or disclosed to any member of the Wider Bidco Group at any time prior to the date of this announcement by or on behalf of any member of the Wider HL Group or to any of their advisers is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which is, in any case, material in the context of the Wider HL Group taken as a whole or in the context of the Acquisition;
  - 3.13.2 that any member of the Wider HL Group is subject to any liability (actual or contingent) and which is material in the context of the Wider HL Group taken as a whole; or
  - 3.13.3 any information which affects the import of any information disclosed to Bidco at any time prior to the date of this announcement by or on behalf of any member of the Wider HL Group which is material in the context of the Wider HL Group taken as a whole;

#### Environmental liabilities

- 3.14 except as Disclosed, Bidco not having discovered that, in relation to any release, emission, accumulation, discharge, disposal or other similar circumstance which has impaired or is likely to impair the environment (including property) or harmed or is likely to harm the health of humans, animals or other living organisms or eco-systems, any past or present member of the Wider HL Group, in a manner and to an extent which is material in the context of the Wider HL Group: (i) has committed any violation of any applicable laws, statutes, regulations, Authorisations, notices or other requirements of any Third Party giving rise to a material liability; and/or (ii) has incurred any material liability (whether actual or contingent) to any Third Party; and/or (iii) would be likely to incur any material liability (whether actual or contingent), or is required, to make good, remediate, repair, re-instate or clean up the environment (including any property) in each case of (i), (ii) or (iii), which such liability or requirement is or would reasonably be expected to be material to the Wider HL Group taken as a whole;

### Intellectual Property

- 3.15 except as Disclosed, no circumstance having arisen or event having occurred in relation to any intellectual property owned or used by any member of the Wider HL Group which would reasonably be expected to have a material adverse effect on the Wider HL Group taken as a whole or is otherwise material in the context of the Acquisition, including:
- 3.15.1 any member of the Wider HL Group losing its title to any intellectual property material to its business, or any intellectual property owned by the Wider HL Group and material to its business being revoked, cancelled or declared invalid;
  - 3.15.2 any claim being asserted in writing by any person challenging the ownership of any member of the Wider HL Group to, or the validity or effectiveness of, any such intellectual property; or
  - 3.15.3 any agreement regarding the use of any such intellectual property licensed to or by any member of the Wider HL Group being terminated or varied;

### Anti-corruption and sanctions

- 3.16 except as Disclosed, Bidco not having discovered that (to an extent that is material in the context of the Wider HL Group taken as a whole):
- 3.16.1 any past or present member of the Wider HL Group or any person that performs or has performed services for or on behalf of any such company is or has at any time engaged in any activity, practice or conduct (or omitted to take any action) in contravention of the UK Bribery Act 2010, the U.S. Foreign Corrupt Practices Act of 1977, as amended or any other applicable anti-corruption legislation;
  - 3.16.2 any past or present member of the Wider HL Group has engaged in any activity or business with, or made any investments in, or made any payments to any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control or any other governmental or supranational body or authority in any jurisdiction; or
  - 3.16.3 a member of the HL Group has engaged in a transaction which would cause the Bidco Group to be in breach of any law or regulation on completion of the Acquisition, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs or any government, entity or individual targeted by any of the economic sanctions of the United Nations, United States or the European Union or any of its member states; and

No criminal property

3.17 except as Disclosed, Bidco not having discovered that any asset of any member of the Wider HL Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

**Part B**  
***Further terms of the Acquisition***

1. Subject to the requirements of the Panel, Bidco reserves the right in its sole discretion to waive, in whole or in part, all or any of the Conditions set out in Part A of Appendix 1, except Conditions 1, 2.1(i), 2.2(i), 2.3(i) and 2.4 which cannot be waived. The deadlines in any of Conditions 2.1(ii), 2.2(ii) or 2.3(ii) may be extended to such later date as may be agreed in writing by Bidco and HL (with the consent of the Panel and the approval of the Court, in each case if required). If any of Conditions 2.1(ii), 2.2(ii) or 2.3(ii) is not satisfied by the relevant deadline specified in the relevant Condition, Bidco shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked the relevant Condition, waived the relevant deadlines or agreed with HL to extend the relevant deadline.
2. Bidco shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions in Part A of Appendix 1 above by a date and time earlier than 11.59 p.m. on the Business Day prior to the date of the Sanction Hearing, notwithstanding that the other Conditions of 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.
3. Under Rule 13.5(a) of the Takeover Code and subject to paragraph 4 below, Bidco may only invoke a Condition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn with the consent of the Panel. The Panel will normally only give its consent if the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. This will be judged by reference to the facts of each case at the time that the relevant circumstances arise.
4. Condition 1 (subject to Rule 12 of the Takeover Code), Conditions 2.1(i), 2.2(i), 2.3(i) and 2.4 in Part A of Appendix 1 above, and, if applicable, any acceptance condition if the Acquisition is implemented by means of an Offer, are not subject to Rule 13.5(a) of the Takeover Code.
5. Any Condition that is subject to Rule 13.5(a) of the Takeover Code may be waived by Bidco.
6. If the Panel requires Bidco to make an offer or offers for HL Shares under the provisions of Rule 9 of the Takeover Code, Bidco may make such alterations to the Conditions and the Acquisition as are necessary to comply with the provisions of that Rule.
7. Bidco reserves the right to elect to implement the Acquisition by way of an Offer as an alternative to the Scheme, subject to the Panel's consent and to the terms of the Cooperation Agreement. In such an event, such Offer will be implemented on the same terms and conditions so far as is applicable, as those which would apply to the Scheme (subject to appropriate amendments to reflect the change in method of implementing the Acquisition and the terms of the Cooperation Agreement, including (without limitation and for so long as clause 5.2 of the Cooperation Agreement applies) an acceptance condition set at 75 per cent. of the HL Shares (which shall be, if Bidco so elects and with the prior consent of the Panel, calculated as 75 per cent. of HL Shares on a fully diluted basis) (or such other percentage as Bidco and HL may agree in

accordance with the terms of the Cooperation Agreement and, to the extent necessary, with the consent of the Panel, being in any case more than 50 per cent. of the HL Shares)). If the Acquisition is effected by way of an Offer, and such Offer becomes or is declared unconditional and sufficient acceptances are received in respect of such Offer, Bidco intends to exercise its rights to apply the provisions of Chapter 3 of Part 28 of the 2006 Act so as to acquire compulsorily the remaining HL Shares in respect of which the Offer has not been accepted.

8. The Acquisition will be subject, *inter alia*, to the Conditions and certain further terms which are set out in this Appendix 1 and to the full terms which will be set out in the Scheme Document and such further terms as may be required to comply with the provisions of the Listing Rules, the provisions of the Takeover Code and the applicable requirements of the Panel and the London Stock Exchange.
9. HL Shares will be acquired by Bidco pursuant to the Acquisition fully paid and free from all liens, charges, encumbrances and other third-party rights of any nature whatsoever and together with all rights attaching to them as at the Effective Date, including the right to receive and retain all dividends and distributions (if any) declared, made or paid with a record date on or after the Effective Date.
10. If, on or after the date of this announcement and prior to the Acquisition becoming Effective, any dividend and/or other distribution and/or other return of capital or value, other than the 2024 Full-Year Dividend, is announced, declared, made or paid or becomes payable in respect of the HL Shares (in each case, with a record date prior to the Effective Date), Bidco will reduce the Cash Consideration payable under the terms of the Cash Offer (and, as the case may be, the number of Rollover Securities due under the terms of the Alternative Offer) at such date by an amount up to the amount of such dividend and/or distribution and/or other return of capital or value, in which case, any reference in this announcement to the Cash Consideration payable under the terms of the Cash Offer (or consideration due under the Alternative Offer) will be deemed to be a reference to the consideration as so reduced. Any exercise by Bidco of its rights referred to in this paragraph 10 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 Scheme or the Acquisition. In the event of any exercise of Bidco's rights referred to in this paragraph, HL Shareholders would be entitled to retain the relevant dividend, distribution and/or other return of capital or value. To the extent that any such dividend and/or distribution and/or other return of capital or value is announced declared, made or paid or is payable and it is: (i) transferred pursuant to the Acquisition on a basis which entitles Bidco to receive the dividend or distribution and to retain it; or (ii) cancelled, the consideration payable under the terms of the Acquisition will not be subject to change in accordance with this paragraph 10.
11. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
12. This announcement and any rights or liabilities arising hereunder, the Acquisition and the Scheme will be governed by English law and be subject to the jurisdiction of the Court, to the Conditions set out above and to the full terms to be set out in the Scheme Document. The Acquisition will be subject to the applicable requirements of the

Takeover Code, the Panel, the London Stock Exchange, the FCA, the Listing Rules and the Registrar of Companies.

13. Each of the Conditions shall be regarded as a separate Condition and, except as expressly stated, shall not be limited by reference to any other Condition.

## **Appendix 2**

### **Sources and Bases of Information**

In this announcement, unless otherwise stated or the context otherwise requires, the following sources and bases have been used.

1. The fully diluted issued ordinary share capital of 477,549,398 HL Shares is based on:
  - 1.1 474,318,625 HL Shares in issue as at 8 August 2024 (being the latest Business Day before this announcement); plus
  - 1.2 3,381,168 HL Shares which may be issued on or after the date of this announcement pursuant to the HL Share Plans and share awards, less 150,395 ordinary shares held by the trustee of the Employee Benefit Trust which can be used to satisfy the exercise of options under the HL Share Plans, as at 7 August 2024 (being the latest practicable day before this announcement).
2. The value of approximately £5,443,093,905 for the entire issued, and to be issued, share capital of HL is based on:
  - 2.1 Cash Consideration of 1,110 pence per HL Share;
  - 2.2 HL's fully diluted issued ordinary share capital of 477,549,398 HL Shares, as set out in paragraph 1 above; and
  - 2.3 a dividend of 30 pence per HL Share in respect of the Financial Year ended 30 June 2024 to be received by holders of the 474,318,625 HL Shares in issue as at 8 August 2024 as set out in paragraph 1.1 above.
3. Unless otherwise stated, the financial information of HL is extracted (without material adjustment) from the 2023 HL Annual Report, audited accounts of the HL Group for the 12 months ended 30 June 2023 and the unaudited, consolidated financial statements of HL for the six months ended 31 December 2023 and the twelve months ended 30 June 2024.
4. The volume-weighted average prices have been derived from Bloomberg data based on volumes traded from 21 February 2024 (for three-month) and 21 November 2023 (for six-month) and have been rounded to the nearest whole number.
5. Certain figures included in this announcement have been subject to rounding adjustments.

### Appendix 3

#### Details of Irrevocable Undertakings and Non-Binding Written Confirmations of Intent

##### 1. Directors

The following HL Independent Directors and Adrian Collins have given irrevocable undertakings to vote (or, where applicable, procure the voting) in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of an Offer, to accept, or procure the acceptance of, the Offer) in respect of their own registered and beneficial holdings (or those HL Shares over which they have control) of HL Shares:

<b>Name</b>	<b>Total Number of HL Shares</b>	<b>Percentage of existing issued share capital</b>
<b>Alison Platt</b>	18,696	0.00
<b>Dan Olley</b>	7,242	0.00
<b>Amy Stirling</b>	24,392	0.01
<b>John Troiano</b>	14,400	0.00
<b>Darren Scott Pope</b>	3,999	0.00
<b>Adrian Collins</b>	13,400	0.00

These irrevocable undertakings also extend to any HL Shares acquired by the HL Independent Directors and Adrian Collins as a result of the vesting of awards or the exercise of options under the HL Share Plans.

The irrevocable undertakings referred to in this paragraph 1 cease to be binding on the earlier of the following occurrences: (i) this announcement not having been released by 10.00 a.m. (London time) on the date of the undertaking (or such later date as Bidco and HL may agree); (ii) the Scheme Document is not sent to HL Shareholders within 28 days (or such later period as the Panel may agree) after the date of this announcement; (iii) Bidco announces, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new, revised or replacement offer or scheme is announced at the same time; (iv) the Scheme lapses or is withdrawn in accordance with its terms and no new, revised or replacement offer or scheme is announced at the same time; (v) at 11.59 p.m. on the Long Stop Date (or, in circumstances where Bidco has, prior to such date, elected to exercise its right to proceed by way of an Offer and announced the same in accordance with the requirements of Paragraph 8 of Appendix 7 to the Takeover Code, on the longstop date provided for in the terms of such offer in accordance with Rule 12 of the Takeover Code); or (vi) the date on which any competing offer for HL becomes or is declared unconditional or, if proceeding by way of a scheme of arrangement, becomes Effective.

##### 2. Shareholders



In addition to the HL Independent Directors and Adrian Collins, the following HL Shareholder has given irrevocable undertakings to vote (or, where applicable, procure the voting) in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of an Offer, to accept, or procure the acceptance of, the Offer) in respect of his own beneficial holdings (or those HL Shares over which he has control) of HL Shares, and to elect to receive the Cash Consideration, in respect of 50 per cent. of his HL Shares and the Alternative Offer, in respect of the remaining 50 per cent. of his HL Shares:

<b>Name</b>	<b>Total Number of HL Shares</b>	<b>Percentage of existing issued share capital</b>
<b>Peter Hargreaves</b>	93,838,474	19.8

- (a) The irrevocable undertaking referred to in this paragraph 2 will remain binding in the event that a higher competing offer for HL is made. It ceases to be binding on the earlier of the following occurrences:
- (i) this announcement not having been released by 6.30 p.m. (London time) on 9 August 2024 (or such later date as Bidco and HL may agree);
  - (ii) the earlier of: (a) the Long Stop Date; and (b) the date on which the Acquisition (whether implemented by way of a Scheme or an Offer) is withdrawn or lapses in accordance with its terms or (if the Acquisition is implemented by way of a Scheme) otherwise becomes incapable of ever becoming effective (as agreed by the Panel (if required)), in each case, other than in circumstances where the Acquisition is withdrawn or lapses as a result of Bidco electing prior to such applicable date, to exercise its right to implement the Acquisition by way of an Offer and announcing the same in accordance with the requirements of Paragraph 8 of Appendix 7 of the Takeover Code, and such Offer has not lapsed or been withdrawn;
  - (iii) Bidco announces, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new, revised or replacement Scheme or Offer is announced by Bidco (or any affiliate) pursuant to and in accordance with Rule 2.7 of the Takeover Code at the same time; or
  - (iv) a competing offer for the entire issued, and to be issued, ordinary share capital of HL is made, and such offer becomes or is declared unconditional (if implemented by way of takeover offer (within the meaning of section 974 of the 2006 Act)) or effective (if implemented by way of a scheme of arrangement under Part 26 of the 2006 Act).
- (b) In addition, Stephen Lansdown has provided a non-binding written confirmation of intent to vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of an Offer, to accept the Offer) and to elect to receive the Cash Consideration, in respect of all of his HL Shares:

<b>Name</b>	<b>Total Number of HL Shares</b>	<b>Percentage of existing issued share capital</b>
<b>Stephen Lansdown</b>	27,087,419	5.7

## **Appendix 4**

### **Details on the Topco Group and the Rollover Securities**

#### **1. Information on Topco and the Intermediate Holding Companies**

Consortium JVCo will at the Effective Date be jointly owned by CVC Private Equity Funds, affiliates of Nordic Capital XI Delta and Platinum Ivy (or any of its affiliates) in equal shares. Topco is a wholly-owned subsidiary of Consortium JVCo and was formed for the purpose of implementing the Acquisition. Each of Bidco, Finco, Midco 2 and Midco 1 (together the “**Intermediate Holding Companies**”) is a direct or indirect wholly-owned subsidiary company of Topco. None of Consortium JVCo, Topco, or any of the Intermediate Holding Companies have traded since the date of their incorporation nor entered into any obligations, other than in connection with the Acquisition.

Consortium JVCo is a private limited company incorporated on 27 June 2024 under the laws of Jersey. The share capital of Consortium JVCo currently comprises of 3,000 ordinary shares of £0.01.

Topco is directly wholly-owned by Consortium JVCo. Topco is a private limited company incorporated on 27 June 2024 under the laws of Jersey. The share capital of Topco currently comprises 1 ordinary share of £0.01 but will be reorganised on or prior to the Effective Date so that it comprises Topco A Ordinary Shares and Rollover Securities on the terms to be set out in the Scheme Document. The Topco A Ordinary Shares in Topco will be held by Consortium JVCo, and the Rollover Securities will be held by eligible HL Shareholders who elect for the Alternative Offer.

Midco 1 is wholly-owned by Topco. Midco 1 is a private limited company incorporated on 27 June 2024 under the laws of Jersey. The share capital of Midco 1 currently comprises 1 ordinary share of £0.01.

Midco 2 is wholly-owned by Midco 1. Midco 2 is a private limited company incorporated on 27 June 2024 under the laws of Jersey. The share capital of Midco 2 currently comprises 1 ordinary share of £0.01.

Finco is wholly-owned by Midco 2. Finco is a private limited company incorporated on 27 June 2024 under the laws of Jersey. The share capital of Finco currently comprises 1 ordinary share of £0.01.

Bidco is wholly-owned by Finco. Bidco is a private limited company incorporated on 1 July 2024 under the laws of England and Wales. The share capital of Bidco currently comprises 1 ordinary share of £0.01.

Between the date of this announcement and completion of the Rollover, no member of the Topco Group is expected to conduct any business or activities other than in connection with the Acquisition.

Set out below is a summary of the proposed provisions of the Topco Shareholders’ Agreement and the Topco Articles governing the terms on which eligible HL Shareholders who elect for the Alternative Offer will, subject to implementation of the Rollover, hold interests in Rollover Securities. Further details will be included in the Scheme Document.

Eligible HL Shareholders who validly elect for the Alternative Offer will, pursuant to a power of attorney to be included in the Form of Election and/or the Scheme, deliver a fully executed deed of adherence pursuant to which they will be bound by the Topco Shareholders' Agreement.

## 2. Rollover Mechanics

If the Scheme becomes Effective, eligible HL Shareholders that validly elect to receive consideration by means of the Alternative Offer will receive their Rollover Securities in Topco pursuant to the Rollover whereby on or shortly following the Effective Date:

- **First Exchange** - firstly, the relevant HL Shares of the relevant electing HL Shareholders will be exchanged for loan notes of a commensurate value to be issued by Bidco pursuant to the Scheme (the "**Bidco Rollover Securities**");
- **Second Exchange** - secondly, and immediately following the first exchange, the Bidco Rollover Securities will be exchanged for loan notes of a commensurate value to be issued by Finco (the "**Finco Rollover Securities**");
- **Third Exchange** - thirdly, and immediately following the second exchange, the Finco Rollover Securities will be exchanged for loan notes of a commensurate value to be issued by Midco 2 (the "**Midco 2 Rollover Securities**");
- **Fourth Exchange** - fourthly, and immediately following the third exchange, the Midco 2 Rollover Securities will be exchanged for loan notes of a commensurate value to be issued by Midco 1 (the "**Midco 1 Rollover Securities**"); and
- **Fifth Exchange** - finally, and immediately following the fourth exchange, the Midco 1 Rollover Securities will be exchanged for the relevant number of Rollover Securities in Topco to which eligible HL Shareholders are entitled in accordance with the Alternative Offer,

provided that each of the second exchange, the third exchange and the fourth exchange will be subject to and conditional on the exercise of a put option by the relevant transferor, or a call option by the relevant transferee, in relation to the securities to be exchanged. As noted above, HL Shareholders who elect for the Alternative Offer will be required, pursuant to a power of attorney granted by them pursuant to the Scheme, to adhere to the Topco Shareholders' Agreement relating to Topco as a condition of such election. The power of attorney will also provide for the signing on behalf of such HL Shareholder (in such form as Bidco may require) of the put and call deeds and/or any exchange agreement, transfer, instrument, or other document deemed by Bidco (in its absolute discretion) to be necessary or desirable to effect the Rollover as conditions of such election, including any appropriate employment tax elections.

## 3. Terms of Issue of Rollover Securities

The Rollover Securities to be issued to eligible HL Shareholders who elect for the Alternative Offer in accordance with the Rollover will be issued credited as fully paid and will rank economically *pari passu* with the Topco A Ordinary Shares held by and issued to Consortium JVCo in connection with 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 date of this announcement.

#### **4. Economic Rights**

The economic rights described below are subject to the risks also described below and in paragraph 14 of this announcement (for example, that: (i) holders of Rollover Securities may be diluted over time, potentially significantly, should holders of Rollover Securities not elect to participate in further issues of additional shares, loan notes or other securities of the Topco Group; (ii) holders of Rollover Securities are not always entitled to participate in such issues; and (iii) such additional securities may have different (including, potentially, preferential) rights to the Rollover Securities).

Subject to the above, any return of proceeds to security holders of Topco, whether on a future share sale, asset sale, merger, listing or initial public offering (“**IPO**”), or solvent winding-up, in each case relating to the Topco Group (each an “**Exit**”) or otherwise, including the right to receive and retain dividends and all other distributions and returns of capital made or paid, shall, after payment of all reasonable, properly incurred costs in relation to any such Exit and/or return of proceeds (excluding, for the avoidance of doubt, any management fees (or similar) charged by Consortium JVCo or any Consortium Member), be distributed to each holder of Topco A Ordinary Shares and Rollover Securities, pro rata to their shareholdings. The Topco A Ordinary Shares and the Rollover Securities shall rank equally as regards any distributions, dividends, buy-back, any other capital redemption or other returns of income or capital made by Topco.

#### **5. Governance and Voting Rights**

Every holder of one or more Topco A Ordinary Shares on the date on which either a written resolution is circulated or a general meeting is held and who is present at such meeting shall, subject to the Topco Articles, have one vote for each Topco A Ordinary Share.

Rollover Securities will not carry any general voting rights at general meetings of Topco and, save as set out below in relation to Substantial B Shareholders, will not carry the right to appoint directors to the board of Topco.

Consortium JVCo may, acting reasonably, make any amendment to, or variation of, the Topco Shareholders’ Agreement and/or the Topco Articles and/or related documents (notwithstanding any class rights) without the consent of, or notification to, holders of Rollover Securities provided that such amendments or variations are not disproportionately adverse to the economic, tax or legal position of the holders of Rollover Securities (as a whole) or the governance rights of the holders of Rollover Securities, in each case as compared to Consortium JVCo. Any such amendment or variation must be for bona fide purposes and shall not be used to frustrate, terminate or reduce the rights of the holders of Rollover Securities. Consortium JVCo may make any other amendment to, or variation of, the Topco Shareholders’ Agreement and/or the Topco Articles and/or related documents on reasonable notice to the Topco B Shareholders and with the prior consent of (i) the holders of a majority of the Rollover Securities (excluding, for the purposes of this limb (i), any such Rollover Securities held by a Substantial B Shareholder) and (ii) the approval of each Substantial B Shareholder.

The following reserved matters shall require the prior consent of each Substantial B Shareholder:

- non-arm's length transactions between Consortium JVCo, any Consortium Member or their affiliates/related parties and the Topco Group, other than: (i) transactions between the Topco Group and any portfolio company of a Consortium Member undertaken for good faith commercial purposes; (ii) any issuance of securities to Consortium JVCo, any other member of the Topco Group and/or any other Consortium Member or any of their affiliates, in each case, undertaken for good faith commercial purposes; or (iii) to the extent otherwise set out in the Topco Shareholders' Agreement;
- dividends or distributions to the holders, or redemptions or repurchases of any securities issued by the Topco Group otherwise than in accordance with the distribution provisions of the Topco Shareholders' Agreement;
- variations of any coupon, or imposition of any redemption premium or fee, attaching to shareholder debt, loan notes, preference shares or other debt securities, if that would be materially and disproportionately adverse to the economic position of the Substantial B Shareholders (as a whole) as compared to Consortium JVCo;
- issuances of any securities by the Topco Group other than in accordance with the terms of the Topco Shareholders' Agreement; and
- any alteration or variation to the Topco Shareholders' Agreement or the articles of association of any Topco Group Company which would be disproportionately adverse to the economic, tax or legal position of the Topco B Shareholders (as a whole) or the governance rights of the holders of Rollover Securities, in each case as compared to Consortium JVCo.

## 6. Transfers

Consortium JVCo and each Consortium Member shall be permitted to directly or indirectly transfer Topco A Ordinary Shares or other securities in Topco at any time.

No Rollover Securities will be transferable without the prior written consent of Consortium JVCo, except where required or permitted pursuant to an Exit or reorganisation transaction, or the 'drag along' and 'tag along' rights, each as described below or in respect of permitted transfers to close family members, vehicles under their (or their close family's) sole control and/or family trust(s) established for tax planning purposes or affiliates of any corporate shareholder, in each case subject to transfer back requirements and subject to an exclusion in respect of sanctioned persons.

No changes in direct or indirect interests or economic entitlements in Rollover Securities which circumvent such restrictions on transfer shall be permitted.

Any proposed transferee of Rollover Securities:

- shall adhere to the Topco Shareholders' Agreement;
- shall provide such information and materials as Consortium JVCo or any other relevant person (including any corporate administrator) reasonably requires and requests in respect of such transferee and/or its affiliated or related persons in order to satisfy their respective obligations in respect of any 'know your customer', proceeds of crime, anti-terrorism financing and/or anti-money laundering legislation or regulation from time to time, or in

connection with any anti-trust or regulatory change in control approvals required by any regulator (which Topco shall provide reasonable information and assistance in obtaining, if required); and

- must not be subject to applicable sanctions restrictions.

## 7. **Additional Topco Securities Issues**

The Topco B Shareholders will be entitled to participate pro rata (on a catch-up basis only) in issues of securities by the Topco Group after the Effective Date of the Acquisition, excluding any such securities issued:

- to Consortium JVCo and/or its affiliates to finance the Acquisition;
- to Consortium JVCo and/or its affiliates following the implementation of the Rollover (at the same subscription price per share as Consortium JVCo paid in respect of its subscription for Topco A Ordinary Shares to fund the payment of the Cash Consideration to HL Shareholders) for an aggregate subscription amount equal to the total costs and expenses reasonably and properly incurred and to be incurred by or on behalf of the Topco Group and the Consortium Members in connection with the Acquisition (including in relation to preparation of Acquisition documentation, financing of the Cash Consideration and the Consortium's due diligence exercise), expected to be in the amount of approximately £100 million (and an updated estimate of such costs and expenses shall be set out in the Scheme Document);
- subject to implementation of the Rollover, to HL Shareholders that validly elect to receive consideration by means of the Alternative Offer pursuant to the Scheme;
- by one wholly-owned member of the Topco Group to another wholly-owned member of the Topco Group;
- to actual or potential employees, directors or consultants of the Topco Group (whether directly or indirectly), which shall dilute Topco A Ordinary Shares and Topco B Ordinary Shares pro rata;
- to any third-party lender in connection with the debt financing arrangements of the Topco Group, which shall dilute Topco A Ordinary Shares and Topco B Ordinary Shares pro rata;
- in connection with an IPO or pre-IPO reorganisation which shall dilute Topco A Ordinary Shares and Topco B Ordinary Shares pro rata;
- pursuant to the terms of any class of convertible securities of the Topco Group which may be issued following the Effective Date in accordance with, and subject to, the terms of the Topco Shareholders' Agreement and the Topco Articles (which, if issued, would dilute Topco A Ordinary Shares and Topco B Ordinary Shares pro rata);
- to any vendor(s) as non-cash consideration on the acquisition of, or merger with, all or part of another business, undertaking, company or assets, which shall dilute Topco A Ordinary Shares and Topco B Ordinary Shares pro rata; and

- in respect of which Consortium JVCo and a Topco B Shareholder Majority agree in writing is excluded.

References to rights on a catch-up basis mean that Topco B Shareholders will be given the opportunity to take up their pro rata entitlements to securities following completion of a related issue of securities to the Topco A Shareholders or other persons.

#### **8. Terms of Alternative Offer in the event of a switch**

In the event that Bidco elects, with the consent of the Panel and subject to the Cooperation Agreement, to switch to an Offer, and less than one hundred per cent. of the HL Shares are acquired by Bidco, the Alternative Offer Maximum and the Alternative Offer Minimum may each be amended by Bidco with the consent of the Panel.

#### **9. Board Representation and Information Rights**

Each Substantial B Shareholder shall be entitled to:

- nominate one director to the board of Bidco subject to appropriate qualification and suitability criteria, provided that a majority of the board of Bidco shall be comprised of directors appointed by the Consortium and/or Consortium JVCo;
- nominate an observer to the board of Bidco, who shall only be entitled to attend board meetings by telephone or video call software only and shall not speak or vote at such meetings;
- hold a regular, monthly meeting with the chairperson of the board of Bidco (in addition to the board meetings) to discuss strategy and performance of the Topco Group;
- the same information rights as lenders to the Topco Group and annual audited accounts of any holding company of Bidco not included in the annual audited consolidated accounts of the Topco Group; and
- regular meetings, no more than once a quarter, with CVC (on behalf of the Consortium).

#### **10. Exit Arrangements**

Any Exit shall occur at the absolute discretion of the Consortium, including as to conduct, implementation, structuring and timing.

All holders of Rollover Securities are required to take such reasonable actions as are reasonably requested by the board of Bidco or Consortium JVCo to achieve, and to actively co-operate with the Topco Group and Consortium JVCo to maximise the value for holders of securities in the Topco Group achieved as a result of, any such process. This shall include without limitation: (i) providing customary representations and warranties as to the title to the Rollover Securities held by such holder and its capacity to transfer such Rollover Securities; (ii) giving a customary locked box covenant or a customary covenant in relation to any completion accounts adjustment that Consortium JVCo has agreed to give in connection with such Exit process on a pro rata, several basis; (iii) bearing their pro rata share of costs in relation to such Exit; and (iv) in the case of an IPO, entering into any “lock-up”, sell-down or other related arrangements as may be reasonably recommended by the underwriter(s) advising on such IPO



and to the same extent and on the same terms as Consortium JVCo; and (iv) taking a number of related actions including voting in favour of or consenting to the relevant process. Equivalent obligations also apply in relation to certain indirect liquidity events for members of the Consortium (an “**Indirect Liquidity Event**”) and any raising of additional debt or equity financing for or refinancing of the Topco Group (a “**Refinancing**”).

Holders of Rollover Securities are also required to enter into documentation and provide any consents as are reasonably required to give effect to any reorganisation of the Topco Group approved by Consortium JVCo and the board of Bidco, provided that such reorganisation would not be materially and disproportionately adverse to the economic (including capital and income rights) position of the holders of Rollover Securities (as a whole) as compared to Consortium JVCo.

## **11. Drag along and Tag along**

If Consortium JVCo or any Consortium Member proposes to directly or indirectly transfer any of its securities in the Topco Group to a bona fide third-party purchaser which is not affiliated with any Consortium Member as part of a single transaction or series of connected transactions, Consortium JVCo shall have a right to ‘drag along’ (i.e., force the sale of) Rollover Securities held by Topco B Shareholders in Topco on a pro rata basis on the same economic terms as Consortium JVCo to such third-party purchaser, provided that Consortium JVCo shall be entitled to elect for Topco B Shareholders to receive a cash alternative to any non-cash component of consideration.

If Consortium JVCo or any Consortium Member proposes to directly or indirectly transfer Topco A Ordinary Shares to a third-party purchaser as part of a single transaction or series of connected transactions following which Consortium JVCo, the Consortium Members and/or their affiliates together hold, or would as a result of the relevant transfer hold, directly or indirectly, less than 90 per cent. of the Topco A Ordinary Shares in issue on the Costs Issuance Date (or on any direct or indirect transfer of Topco A Ordinary Shares by Consortium JVCo, any Consortium Member or their affiliates thereafter), Topco B Shareholders shall have a ‘tag along’ right exercisable on a pro rata basis in relation to such transfer and any transfer of Topco A Ordinary Shares by Consortium JVCo, the Consortium Members or their affiliates thereafter. Any transfer by Topco B Shareholders of their rights under the ‘tag along’ provision shall be at the same price and otherwise on the same terms as agreed to by Consortium JVCo (or selling Consortium Member or its affiliates, if applicable), save that Consortium JVCo shall be entitled to elect for Topco B Shareholders to receive a cash alternative to any non-cash component of consideration. This right is subject to a number of exceptions, including, amongst others, (i) any initial transfers of up to 10 per cent. of the Topco A Ordinary Shares in issue on the Costs Issuance Date, (ii) in relation to transfers in connection with a Refinancing, or (iii) in connection with a syndication of equity interests by Consortium JVCo or its affiliates.

## **12. Fees**

No Topco B Shareholder or any of their respective affiliates will be entitled to receive any management, transaction, investment, or monitoring fees from any member of the Topco Group (including, following the Effective Date, the HL Group).

The Topco Shareholders’ Agreement provides that reasonable, properly incurred costs associated with any Exit, Refinancing, reorganisation transaction or return of proceeds in future will be borne by the Topco Group.

### **13. Governing Law and Jurisdiction**

The Topco Shareholders' Agreement and any non-contractual or other obligations arising out of or in connection with them shall be governed by English law. Any dispute shall be resolved by arbitration under the Rules of the London Court of International Arbitration for which there shall be three arbitrators and the seat of the arbitration shall be London.

## **Appendix 5 Definitions**

**The following definitions apply throughout this document unless the context otherwise requires:**

<b>“2006 Act”</b>	the Companies Act 2006, as amended from time to time
<b>“2023 HL Annual Report”</b>	the annual report and audited accounts of the HL Group for the year ended 30 June 2023
<b>“2024 Full-Year Dividend”</b>	has the meaning given to it in paragraph 2
<b>“Accredited Investors”</b>	has the meaning given to it in paragraph 4
<b>“Acquisition”</b>	the proposed acquisition by Bidco of the entire issued, and to be issued, share capital of HL by means of the Scheme, or should Bidco so elect, and where required, the Panel consent (subject to the terms of the Cooperation Agreement), by means of an Offer and, where the context admits, any subsequent revision, variation, extension or renewal thereof
<b>“ADIA”</b>	Abu Dhabi Investment Authority
<b>“ADIA PED”</b>	the Private Equities investment department of ADIA
<b>“Administrative Agent”</b>	TMF Group (Jersey) Limited, Topco’s administrative agent
<b>“Alternative Offer”</b>	the alternative to the Cash Consideration pursuant to which eligible HL Shareholders may elect to receive rollover loan notes in Bidco in exchange for some or all of their HL Shares, which loan notes will, subject to implementation of the Rollover, ultimately be exchanged for Rollover Securities, on the terms and conditions set out in this announcement and to be set out in the Scheme Document (or, if applicable, the Offer Document) in due course, further details of which are set out in paragraph 12
<b>“Alternative Offer Maximum”</b>	has the meaning given to it in paragraph 12
<b>“Alternative Offer Minimum”</b>	has the meaning given to it in paragraph 12
<b>“Articles”</b>	the articles of association of HL from time to time

<b>“associated undertaking”</b>	shall be construed in accordance with paragraph 19 of Schedule 6 to The Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) but for this purpose ignoring paragraph 19(1)(b) of Schedule 6 to those regulations
<b>“Authorisations”</b>	authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions or approvals, in each case of a Third Party
<b>“Barclays”</b>	Barclays Bank PLC, acting through its Investment Bank
<b>“Bid Conduct Agreement”</b>	the agreement between the Investors and Nordic Capital XI, L.P. relating to bid conduct in connection with the Acquisition dated 9 August 2024
<b>“Bidco”</b>	Harp Bidco Limited
<b>“Bidco Articles”</b>	the articles of association of Bidco
<b>“Bidco Group”</b>	Bidco and its subsidiary undertakings and where the context permits, each of them
<b>“Bidco Rollover Securities”</b>	has the meaning given to it in paragraph 2 of Appendix 4
<b>“Business Day”</b>	a day, not being a public holiday, Saturday or Sunday, on which clearing banks in London, Jersey and Luxembourg are open for normal business
<b>“Cash Consideration”</b>	has the meaning given to it in paragraph 2
<b>“Cash Offer”</b>	has the meaning given to it in paragraph 2
<b>“certificated” or “certificated form”</b>	in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security as being held in certificated form (that is, not in CREST)
<b>“China AML”</b>	has the meaning given to it in paragraph 3.1.2 of Part A of Appendix 1
<b>“China Antitrust Clearance”</b>	has the meaning given to it in paragraph 3.1 of Part A of Appendix 1

<b>“Clean Team Agreement”</b>	the clean team agreement dated 25 June 2024 (and amended and restated on 21 July 2024) between CVC Advisers, Nordic Capital XI Delta, Platinum Ivy and HL entered into in connection with the Acquisition, further details of which are set out in paragraph 10
<b>“Closing Price”</b>	the closing middle market price of a HL Share as derived from the Daily Official List on any particular date
<b>“CMA”</b>	has the meaning given to it in paragraph 3.5.1 of Part A of Appendix 1
<b>“Condition”</b>	each of the conditions listed in Part A of Appendix 1 and any reference to a numbered Condition shall be a reference to the Condition set out in the paragraph of Part A of Appendix 1 bearing such number
<b>“Confidentiality Agreement”</b>	the confidentiality agreement dated 22 June 2024 between CVC Advisers, Nordic Capital XI Delta, Platinum Ivy and HL entered into in connection with the Acquisition, further details of which are set out in paragraph 10
<b>“Consortium” or “Consortium Members”</b>	CVC, Nordic Cidron and Platinum Ivy (and/or any of its affiliates) and <b>“Consortium Member”</b> means any one of them
<b>“Consortium JVCo”</b>	Harp Group Holdings Jersey Limited
<b>“Cooperation Agreement”</b>	the cooperation agreement dated on or around the date of this announcement between Bidco and HL
<b>“Costs Issuance Date”</b>	has the meaning given to it in paragraph 2
<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 2006 Act at which a resolution will be proposed to approve the Scheme (with or without amendment), including any adjournment, postponement or reconvening thereof
<b>“Court Order”</b>	the order of the Court sanctioning the Scheme under Part 26 of the 2006 Act

<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>“CVC”</b>	Harp Jersey Limited, a company incorporated in Jersey with registered number 155054, which is indirectly wholly owned by a member of the CVC Private Equity Group
<b>“CVC Advisers”</b>	CVC Advisers Limited, a company incorporated under the laws of England and Wales with registered number 04726084, whose registered office is at 111 Strand, London, WC2R 0AG
<b>“CVC Group”</b>	CVC Capital Partners plc, CVC Capital Partners SICAV-FIS S.A., each of their respective successors or assigns and any of their respective subsidiary undertakings (as that term is defined in section 1162 and Schedule 7 of the 2006 Act) from time to time, together with any investment funds or vehicles advised or managed by any of the foregoing and any portfolio companies of such investment funds or vehicles
<b>“CVC Private Equity Funds”</b>	investment funds or vehicles advised or managed by an entity or entities in the CVC Private Equity Group
<b>“CVC Private Equity Group”</b>	entities within the CVC Group which carry out private equity advisory or management activities from time to time
<b>“Daily Official List”</b>	the daily official list of the London Stock Exchange
<b>“Dealing Disclosure”</b>	has the same meaning as in Rule 8 of the Takeover Code
<b>“Deutsche Numis”</b>	Numis Securities Limited
<b>“Disclosed”</b>	the information fairly disclosed by or on behalf of HL: (i) in the 2023 HL Annual Report; (ii) in the half year results for the six months period ended 31 December 2023; (iii) in this announcement; (iv) in any other announcement to a Regulatory Information Service prior to the publication of this announcement; and (v) in writing (including via the virtual data room operated by or on behalf of HL in respect of the Acquisition) or orally in meetings and calls by

	HL management prior to the date of this announcement to Bidco, any Consortium Member or any of its or their (or their affiliates') respective officers, employees, agents, consultants or advisers (in their capacity as such)
<b>“Disclosure Guidance and Transparency Rules”</b>	the Disclosure Guidance and Transparency Rules sourcebook issued by the FCA
<b>“Effective”</b>	in the context of the Acquisition: (i) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to and in accordance with its terms; or (ii) if the Acquisition is implemented by way of the Offer, the Offer having been declared or having become unconditional in accordance with the requirements of the Takeover Code
<b>“Effective Date”</b>	the date on which the Acquisition becomes Effective
<b>“Euroclear”</b>	Euroclear UK & International Limited
<b>“EU Antitrust Clearance”</b>	has the meaning given to it in paragraph 3.2 of Part A of Appendix 1
<b>“EU Regulation”</b>	has the meaning given to it in paragraph 3.2 of Part A of Appendix 1
<b>“Excluded Shares”</b>	any HL Shares which are: (i) registered in the name of or beneficially owned by Bidco and/or any member of the Bidco Group (and/or any nominee of the foregoing); or (ii) held by HL in treasury, in each case, at any relevant date or time
<b>“Exit”</b>	has the meaning given to it in paragraph 4 of Appendix 4
<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>“Fenchurch”</b>	Fenchurch Advisory Partners LLP
<b>“Finco”</b>	Harp Finco Limited

<b>“Finco Rollover Securities”</b>	has the meaning given to it in paragraph 2 of Appendix 4
<b>“Form of Election”</b>	the form of election for use by HL Shareholders electing for the Alternative Offer
<b>“FSMA”</b>	Financial Services and Markets Act 2000, as amended from time to time
<b>“General Meeting”</b>	the general meeting of HL to be convened to consider and if thought fit approve the Resolutions (with or without amendment) including any adjournments, postponement or reconvening thereof
<b>“Goldman Sachs”</b>	together, Goldman Sachs International and Goldman Sachs & Co. LLC
<b>“HL”</b>	Hargreaves Lansdown plc
<b>“HL Board” or “HL Directors”</b>	the directors of HL
<b>“HL Group”</b>	HL and its subsidiary undertakings and where the context permits, each of them
<b>“HL Independent Directors” or “Independent HL Board”</b>	the HL Board from time to time, other than Adrian Collins (or his alternate director) and (to the extent applicable) any other director of HL appointed from time to time following nomination by Peter Hargreaves pursuant to the terms of the shareholder agreement between Peter Hargreaves and HL dated 20 October 2020 (and any alternate director of such director)
<b>“HL Share(s)”</b>	ordinary shares of 0.4 pence each in the capital of HL and <b>“HL Share”</b> means any one of them
<b>“HL Share Plans”</b>	each of: (i) the HL plc Performance Share Plan; (ii) the HL Company Share Option (2010) Scheme; (iii) the HL Deferred Performance Bonus Plan 2012; (iv) the HL Sustained Performance Plan 2017; (v) the HL plc Sustained Performance Plan II; (vi) the HL plc Savings Related Share Option Scheme 2019; and (vii) the HL Share Incentive Plan, as amended from time to time
<b>“HL Shareholder(s)”</b>	the registered holders of HL Shares
<b>“Indirect Liquidity Event”</b>	has the meaning given to it in paragraph 10 of Appendix 4



<b>“Interim Facilities Agreement”</b>	the interim facilities agreement dated 2 August 2024 between Finco as borrower, Global Loan Agency Services Limited as Interim Facility Agent, GLAS Trust Corporation Limited and the Interim Lenders named therein
<b>“Intermediate Holding Companies”</b>	has the meaning given to it in paragraph 1 of Appendix 4
<b>“Investors”</b>	has the meaning given to it in paragraph 10
<b>“IPO”</b>	has the meaning given to it in paragraph 4 of Appendix 4
<b>“Joint Defence Agreement”</b>	the joint defence agreement dated 18 July 2024 between CVC Advisers, Nordic Capital XI Delta, Platinum Ivy, HL and the external legal counsels to the Consortium and HL entered into in connection with the Acquisition, further details of which are set out in paragraph 10
<b>“Listing Rules”</b>	the rules and regulations made by the FCA under FSMA, and contained in the publication of the same name, as amended or renamed from time to time
<b>“London Stock Exchange”</b>	London Stock Exchange plc or its successor
<b>“Long Stop Date”</b>	9 May 2025 or such later date: (i) as may be agreed between Bidco and HL and, if required, the Panel and the Court may allow; or (ii) set at the direction of the Panel under the Note on Section 3 of Appendix 7 to the Takeover Code
<b>“Main Market”</b>	the London Stock Exchange’s main market for listed securities
<b>“Market Abuse Regulation”</b>	assimilated Regulation (EU) 596/2014, as it forms part of the law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time
<b>“Meetings”</b>	the Court Meeting and the General Meeting
<b>“Midco 1”</b>	Harp Midco I Limited
<b>“Midco 1 Rollover Securities”</b>	has the meaning given to it in paragraph 2 of Appendix 4
<b>“Midco 2”</b>	Harp Midco II Limited

<b>“Midco 2 Rollover Securities”</b>	has the meaning given to it in paragraph 2 of Appendix 4
<b>“Morgan Stanley”</b>	Morgan Stanley & Co. International plc
<b>“Nordic Capital”</b>	the general partners and/or delegated portfolio managers (as applicable) of the Nordic Capital Vehicles, and as the context permits or requires the Nordic Capital Advisors (for the avoidance of doubt: (i) this shall not imply from a legal, regulatory or tax perspective, nor should it be inferred, that these entities are not separate and distinct entities, nor that there is any single Nordic Capital entity; and (ii) references to Nordic Capital making investments or acting as an investor should be read as references to the Nordic Capital Vehicles making such investments/acting as investor)
<b>“Nordic Capital Advisors”</b>	any, or all, of the non-discretionary sub-advisory entities exclusively engaged by the general partners and/or delegated portfolio managers of the Nordic Capital Vehicles as the context permits or requires
<b>“Nordic Capital Fund XI”</b>	the entities comprising the fund known as “Nordic Capital Fund XI”
<b>“Nordic Capital Vehicles”</b>	Nordic Capital branded funds, co-investment arrangements and other entities, vehicles and structures
<b>“Nordic Capital XI Delta”</b>	Nordic Capital XI Delta, SCSp (acting through its general partner, Nordic Capital XI Delta GP S.à r.l.)
<b>“Nordic Cidron”</b>	Cidron Harp 2 Limited, a company incorporated in Jersey with registered number 154991, which is indirectly wholly owned by Nordic Capital XI Delta
<b>“Offer”</b>	subject to the consent of the Panel and the terms of the Cooperation Agreement, should the Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the 2006 Act, the offer to be made by or on behalf of Bidco to acquire the entire issued, and to be issued, share capital of HL on the terms and subject to the conditions to be set out in the related Offer Document, and, where the context

	admits, any subsequent revision, variation, extension or renewal of such offer
<b>“Offer Document”</b>	should the Acquisition be implemented by way of an Offer, the document to be sent to HL Shareholders which will contain, amongst other things, the terms and conditions of the Offer
<b>“Offer Period”</b>	the offer period (as defined by the Takeover Code) relating to HL which commenced on 22 May 2024
<b>“Official List”</b>	the official list of the FCA
<b>“Opening Position Disclosure”</b>	has the same meaning as in Rule 8 of the Takeover Code
<b>“Overseas Shareholders”</b>	holders of HL Shares who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Platinum Ivy”</b>	Platinum Ivy B 2018 RSC Limited
<b>“Platinum Ivy Group”</b>	Platinum Ivy and its affiliates which are directly or indirectly managed by the ADIA PED from time to time and excludes, for the avoidance of doubt: (a) any portfolio company in which Platinum Ivy has, or Platinum Ivy’s associated companies or entities have, an equity or any other interest; (b) persons owned, controlled or managed either directly or indirectly by any other division, part or department of ADIA; and (c) the Government of Abu Dhabi and any other person owned or (if applicable) controlled either directly or indirectly by the Government of Abu Dhabi
<b>“PRA”</b>	the Prudential Regulation Authority or its successor from time to time
<b>“Refinancing”</b>	has the meaning given to it in paragraph 10 of Appendix 4
<b>“Registrar of Companies”</b>	the Registrar of Companies in England and Wales
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001

<b>“Regulatory Information Service”</b>	a regulatory information service as defined in the FCA Handbook
<b>“relevant securities”</b>	has the meaning given in the Takeover Code
<b>“Resolutions”</b>	the resolution(s) to be proposed at the General Meeting necessary to implement the Scheme, including a special resolution proposed in connection with implementation of the Scheme and certain amendments to be made to the articles of association of HL
<b>“Restricted Jurisdiction”</b>	(i) any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if, in each case, information concerning the Acquisition (or Offer if applicable) is sent or made available to HL Shareholders in that jurisdiction; and (ii) any sanctioned jurisdiction from time to time
<b>“Rollover”</b>	has the meaning given to it in paragraph 12
<b>“Rollover Completion Shareholding Proportion”</b>	a percentage (A) calculated in accordance with the following formula: $A = B \times \frac{2}{3}$ , where: B = the proportion of Topco Shares held by such Substantial B Shareholder (together with its permitted transferees, associates and nominees and other Topco B Shareholders who are under common control with such Substantial B Shareholder) as at completion of the Rollover (disregarding, for the purpose of determining such proportion of Topco Shares, (i) any Topco Shares issued to management from time to time; and (ii) the Topco A Ordinary Shares to be issued to Consortium JVCo on the Costs Issue Date for an aggregate subscription amount equal to the total costs and expenses incurred and to be incurred by or on behalf of the Topco Group and the Consortium Members in connection with the Acquisition);
<b>“Rollover Securities”</b>	ordinary shares in the capital of Topco having the rights of “Rollover Shares” set out in the articles of association of Topco (as amended from time to time), being the Topco B Ordinary Shares available under the Alternative Offer
<b>“SAMR”</b>	has the meaning given to it in paragraph 3.1.1 of Part A of Appendix 1

<b>“Sanction Hearing”</b>	the Court hearing to sanction the Scheme
<b>“Scheme”</b>	the proposed scheme of arrangement under Part 26 of the 2006 Act between HL and the holders of the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by HL and Bidco
<b>“Scheme Document”</b>	the document to be sent to (amongst others) HL Shareholders and persons with information rights containing, amongst other things, the Scheme and notices of the Meetings
<b>“Scheme Record Time”</b>	the time and date to be specified in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately following the date of the Sanction Hearing
<b>“Scheme Shareholders”</b>	holders of Scheme Shares
<b>“Scheme Shares”</b>	all HL Shares: (i) in issue at the date of the Scheme Document; (ii) (if any) issued after the date of the Scheme Document but before the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time and before the Scheme Record Time in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme, in each case (where the context requires), remaining in issue at the Scheme Record Time but excluding any Excluded Shares at any relevant date or time
<b>“Shareholding Cap”</b>	has the meaning given to it in paragraph 12
<b>“subsidiary”, “subsidiary undertaking” and “undertaking”</b>	shall be construed in accordance with the 2006 Act
<b>“Substantial B Shareholder”</b>	any Topco B Shareholder that, at completion of the Rollover, holds at least the Substantial B Shareholder Upper Threshold Percentage of the Topco Shares then in issue, such status as a Substantial B Shareholder continuing until the later of: (i) three years following completion of the Rollover; and (ii) the date on which such Substantial B Shareholder ceases to hold at least the Substantial B Shareholder Lower Threshold Percentage of the Topco Shares

**“Substantial B Shareholder Lower Threshold Percentage”**

the Rollover Completion Shareholding Proportion, or if the Acquisition is implemented by means of an Offer, such lower percentage as may be obtained as a result of the following adjustment:

Rollover Completion Shareholding Proportion x (A),

where: (A) is the proportion (expressed as a decimal number to two decimal places) that the HL Shares in respect of which HL Shareholders have accepted the Offer bear to the total HL Shares the subject of the Offer

**“Substantial B Shareholder Upper Threshold Percentage”**

means 7.5 per cent., or if the Acquisition is implemented by means of an Offer, such lower percentage as may be obtained as a result of the following adjustment: 7.5 x (A), where: (A) is the proportion (expressed as a decimal number to two decimal places) that the HL Shares in respect of which HL Shareholders have accepted the Offer bear to the total HL Shares the subject of the Offer

**“Swiss Antitrust Clearance”**

has the meaning given to it in paragraph 3.3 of Part A of Appendix 1

**“Takeover Code”**

the City Code on Takeovers and Mergers issued by the Panel on Takeovers and Mergers, as amended from time to time

**“Topco”**

Harp Topco Limited

**“Topco A Ordinary Shares”**

the A ordinary shares in the capital of Topco

**“Topco Articles”**

the articles of association of Topco

**“Topco B Ordinary Shares”**

the B ordinary shares in the capital of Topco

**“Topco B Shareholder”**

any holder of Rollover Securities

**“Topco B Shareholder Majority”**

has the meaning given to it in paragraph 2

**“Topco Group”**

Topco and its subsidiary undertakings from time to time and where the context permits, each of them and references to **“Topco Group Company”** shall be construed accordingly

<b>“Topco Shareholders’ Agreement”</b>	the shareholders’ agreement to be entered into by the holders of securities of Topco and the Intermediate Holding Companies
<b>“Topco Shares”</b>	the Topco A Ordinary Shares and the Topco B Ordinary Shares
<b>“Turkish Antitrust Clearance”</b>	has the meaning given to it in paragraph 3.4 of Part A of Appendix 1
<b>“Turkish Competition Act”</b>	has the meaning given to it in paragraph 3.4 of Part A of Appendix 1
<b>“UK” or “United Kingdom”</b>	United Kingdom of Great Britain and Northern Ireland
<b>“UK Antitrust Clearance”</b>	has the meaning given to it in paragraph 3.5 of Part A of Appendix 1
<b>“uncertificated” or “in uncertificated form”</b>	a share or other security title to which is recorded in the relevant register of the share or security 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>“U.S.” or “United States”</b>	United States of America
<b>“US Exchange Act”</b>	the United States Securities Exchange Act of 1934, as amended
<b>“US Holders Cap”</b>	has the meaning given to it in paragraph 12
<b>“US Person”</b>	a US person as defined in Regulation S under the US Securities Act and any nominee thereof
<b>“US Securities Act”</b>	the United States Securities Act of 1933, as amended
<b>“Voting Record Time”</b>	the time and date to be specified in the Scheme Document by reference to which entitlement to vote on the Scheme will be determined
<b>“Wider Bidco Group”</b>	Bidco Group and associated undertakings and any other body corporate, partnership, joint venture or person in which Bidco and such undertakings (aggregating their interests) have an interest of more than 30 per cent. of the voting or equity capital or the equivalent
<b>“Wider HL Group”</b>	HL and associated undertakings and any other body corporate, partnership, joint venture or

person in which HL and such undertakings (aggregating their interests) have an interest of more than 30 per cent. of the voting or equity capital or the equivalent (excluding, for the avoidance of doubt, Bidco and all of its associated undertakings which are not members of the HL Group)

References to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of this announcement.

All references to “pounds”, “pounds Sterling”, “Sterling”, “GBP”, “£”, “pence”, “penny” and “p” are to the lawful currency of the United Kingdom.

All times referred to are London time unless otherwise stated.

A reference to “includes” shall mean “includes without limitation”, and references to “including” and any other similar term shall be construed accordingly.

References to the singular include the plural and vice versa.