

20 February 2025

Dear HL Colleague

Communication to holders of SPP II Options subject to ongoing mandatory regulatory requirements in connection with the Acquisition of HL

1. Why are we writing to you?

We are writing to explain how the proposed acquisition of Hargreaves Lansdown plc (*HL*) by Harp Bidco Limited (*Bidco*) (the *Acquisition*) will affect options granted to you under the Hargreaves Lansdown plc Sustained Performance Plan II which are subject to Regulatory Requirements (as defined below) (the *SPP II Options* and the *SPP II* respectively).

Due to the Regulatory Requirements, these SPP II Options will not vest and become capable of exercise early in connection with the Acquisition.

This letter is important and explains the impact of the Acquisition on your SPP II Options and what you will need to do. Please read it carefully.

This letter describes legal processes and therefore is unavoidably “technical” in nature. The Glossary at Appendix 2 is intended to help you understand some of the terms that are used in this letter. You will also find further information about the Acquisition in the Scheme Document which is available on the HL website at www.hl.co.uk/investor-relations/offer. A copy of this communication will also be available to view on HL’s website at www.hl.co.uk/investor-relations/offer.

Unless otherwise defined, terms defined in the Scheme Document shall have the same meanings in this letter.

Once the acceptance window opens on 5 March 2024, you will need to confirm your acceptance of your SPP II Phantom Award. This will not happen automatically.

Due to your status as a “material risk taker”, your SPP II Options were intended to satisfy the applicable mandatory regulatory requirements relating to deferral into shares or share-linked instruments and therefore cannot vest and be exercised early in connection with the Acquisition. Instead, immediately prior to the Court Sanction Date, your SPP II Options will be exchanged such that you will hold an equivalent cash-settled phantom award.

The acceptance window will open on **5 March 2025**. Once the window opens, please confirm your acceptance via Sharehub at <https://hl.sharehub.uk/> (for current employees) or <https://hl.sharehub.uk/Account/LogOn/> (for leavers) by **5pm on 12 March 2025 at the latest**.

If you do nothing, your SPP II Options will lapse and cease to be of any value.

2. The Acquisition

The Acquisition will be implemented by way of a court process known as a scheme of arrangement (the **Scheme**). The Scheme is a procedure that requires both the approval of HL Shareholders (which was obtained at shareholder meetings held on 14 October 2024), and sanction (i.e. approval) of the scheme by the Court, which is currently expected to take place in the first quarter of 2025 (the **Court Sanction Date**). It is currently expected that the Scheme will become effective in the first quarter of 2025 (the **Effective Date**) and at this time HL will become owned by Bidco. These dates could, however, be subject to change as they are dependent on when certain regulatory approvals are received (the timing of which is not currently known).

HL Shareholders will be entitled to receive £11.10 in cash for each HL Share they own at the Scheme Record Time (the **Offer Price**). The terms of the Acquisition are set out in full in the Scheme Document.

However, if any dividend, distribution and/or return of value, other than the 2024 Full-Year Dividend, is proposed, authorised, declared, made or paid by HL (or becomes payable by HL) in respect of HL Shares, Bidco reserves the right to reduce the cash consideration payable under the terms of the Acquisition by the amount of any such dividend, distribution and/or other return of value.

3. A reminder of your SPP II Options

Details of your outstanding SPP II Options are available to view on Sharehub at <https://hl.sharehub.uk/> (for current employees) or <https://hl.sharehub.uk/Account/LogOn/> (for leavers).

4. Impact of the Scheme on your SPP II Options

The Acquisition will impact the usual treatment of your SPP II Options. As you are (or were at the time of grant of your SPP II Options) designated as a ‘material risk taker’ (**MRT**), your SPP II Options are subject to mandatory regulatory requirements relating to deferral into shares or share-linked instruments pursuant to the Investment Firm Prudential Regime (the **Regulatory Requirements**).

Your SPP II Options are required to satisfy these Regulatory Requirements and cannot therefore vest and be exercised early in connection with the Acquisition. Instead, immediately prior to Court Sanction, your SPP II Options will be exchanged such that they will cease to be options over HL Shares and will instead be exchanged for a cash-settled phantom award (the **SPP II Phantom Award**) in order to continue to comply with the Regulatory Requirements. This exchange is referred to in this letter as the **SPP II Exchange**.

The detailed terms of the SPP II Phantom Award are set out in greater detail in Appendix 1 to this letter, but in summary the key points are as follows:

- **Units:** the SPP II Phantom Award will comprise phantom units (where one unit is equal in value to one HL Share under your existing SPP II Options) (**SPP II Phantom Units**).
- **Vesting:** the SPP II Phantom Award will vest and be settled in cash automatically (i.e. SPP II Phantom Awards will not require you to exercise them in order to receive cash) on the later of (i) the original vesting date of your SPP II Options, and (ii) the end of the relevant retention period for your SPP II Options.
- **Time pro-ration:** the SPP II Phantom Award will not be subject to time pro-ration.
- **Structure:** the SPP II Phantom Award will have a fixed value, with each SPP II Phantom Unit having a fixed value of £11.10 (i.e. the Offer Price).

- **Dividend equivalents:** your legacy SPP II Options will entitle you to dividend equivalents accrued up at the Effective Date, which would be paid in cash following the settlement of the SPP II Phantom Award. The SPP II Phantom Award will not entitle you to any dividend equivalents post-Effective Date.
- **Performance:** the Underpin Performance Conditions (as defined in the SPP II Rules) which apply to your existing SPP II Options will be assessed by the HL Board shortly prior to the Court Sanction Date. The outcome of this assessment will impact the number of SPP II Phantom Units which constitute your SPP II Phantom Award. Following this assessment, the SPP II Phantom Award will not be subject to any further performance conditions.
- **Leaver terms:** you will retain your SPP II Phantom Award if you leave employment with HL (unless you are dismissed for gross misconduct), which is more favourable than the current leaver terms for your SPP II Options. The SPP II Phantom Award will vest and be paid out on the usual timetable following you leaving.
- **Risk adjustment:** the SPP II Phantom Award will remain subject to usual malus and clawback requirements under the SPP II Rules and the Regulatory Requirements, and the SPP II Phantom Award will be subject to risk adjustment in line with past practice.

You will need to confirm your acceptance of the terms of the SPP II Phantom Award by ticking the relevant box via Sharehub at <https://hl.sharehub.uk/> (for current employees) or <https://hl.sharehub.uk/Account/LogOn/> (for leavers) at any time between 5 March 2025 and 5pm on 12 March 2025.

5. What if the Acquisition does not take place?

If the Acquisition does not happen for whatever reason, your SPP II Options will continue as normal, subject to the SPP II Rules.

6. What if I participate in other HL share plans?

If you participate in any other HL share plan, you will have already received a separate letter or letters in relation to those awards. Please read those letter(s) carefully.

It is also possible that you may have other options under the SPP II (or other HL share plans) which are not subject to the Regulatory Requirements and which will vest and be capable of exercise in connection with the Acquisition. If so, you will have received a separate letter or letters in relation to these options.

7. Further information

You will find some FAQs in Appendix 3 to this letter, which you should review. If, after reading these, you still have an outstanding query, please contact Howells via email (HLShareAdmin@sharehub.uk) or telephone (+44 (0)1423 812804) between 9am and 5:30pm. For legal reasons, Howells cannot give any legal, financial or tax advice.

Nothing in this letter or its appendices constitutes financial advice to any holder of HL Shares or options over HL Shares.

If there is a conflict between the information in this letter and appendices and the SPP II Rules, the Scheme Document or any relevant legislation, this letter and its appendices, the Scheme Document and the legislation will prevail.

Yours faithfully,

Hargreaves Lansdown plc

APPENDIX 1
DETAILED TERMS OF SPP II PHANTOM AWARD

Term	Description
Structure	<ul style="list-style-type: none"> The SPP II Phantom Award will take the form of a cash-settled award (rather than over HL Shares).
Performance criteria	<ul style="list-style-type: none"> The SPP II Awards will be performance tested (where applicable) by the HL Board shortly prior to the Effective Date in relation to the Underpin Performance Conditions (as defined in the SPP II Rules). This will impact the number of SPP II Phantom Units which comprise your SPP II Phantom Award upon the SPP II Exchange. Following the SPP II Exchange, the SPP II Phantom Award will be subject to time vesting only. The SPP II Phantom Award will remain subject to risk adjustment in line with past practice.
Time horizons	<ul style="list-style-type: none"> The SPP II Phantom Award will remain subject to any applicable deferral and retention period that is required from a regulatory perspective. The SPP II Phantom Award will be paid automatically on the later of (i) the vesting date, and (ii) the end of the relevant retention period.
Leaver conditions	<ul style="list-style-type: none"> Your SPP II Phantom Award will lapse if you cease employment for gross misconduct. If you cease employment other than for gross misconduct, your SPP II Phantom Award will continue and be retained on the same terms following termination, and will vest and pay out on the same timeline.
Malus and clawback	<ul style="list-style-type: none"> Malus and clawback will continue to apply based on the original trigger conditions/events in the SPP II Rules (as applicable). For all awards, malus provisions will apply until vesting occurs. Clawback will apply until the later of three years following the grant of the original SPP II Award and the end of any relevant vesting / retention period for the SPP II Phantom Award. In addition, the HL Remuneration Committee can suspend the vesting of your SPP II Phantom Award for any individual in scope of an investigation into their conduct or responsibility, accountability or knowledge and/or influence over any material risk event identified as per the SPP II Rules.

Term	Description
Dividend equivalents	<ul style="list-style-type: none"> • Your SPP II Award entitles you to retain the dividend equivalents accrued on your SPP II Options up to the Effective Date which would be paid in cash following settlement of the SPP II Phantom Award. • The SPP II Phantom Award does not entitle you to accrue any dividend equivalents post the Effective Date (given it will not be an award over shares).
Valuation for Phantom Award	<ul style="list-style-type: none"> • The value of SPP II Phantom Units will reflect the value per HL Share received by HL Shareholders under the Acquisition plus the value of dividend equivalents accrued up to the Effective Date (as explained above). • The value of each SPP II Phantom Award will be frozen over the remaining deferral/retention period (subject to any reduction due to the application of malus and/or clawback / risk adjustment where applicable).

APPENDIX 2 GLOSSARY

Acquisition means the proposed acquisition by Bidco of the entire issued and to be issued share capital of HL, to be implemented by means of the Scheme or should Bidco so elect, and where required, with the Panel's consent (and 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;

Bidco means Harp Bidco Limited, a private limited company incorporated in England and Wales with registered number 15812199;

Court means the High Court of Justice in England and Wales;

Court Sanction Date means the date on which the Court sanctions the Scheme under section 899 of the Companies Act;

Effective Date means the date on which the Acquisition becomes effective pursuant to and in accordance with its terms;

HL means Hargreaves Lansdown plc, a public limited company incorporated in England and Wales with registered number 02122142;

HL Group means HL and its subsidiary undertakings and where the context permits, each of them;

HL Shareholders means holders of HL Shares;

HL Shares ordinary shares of 0.4 pence each in the capital of HL;

MRT has the meaning given in section 4 of this letter;

Regulatory Requirements has the meaning given in section 4 of this letter;

Scheme means the scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court;

Scheme Document means the scheme circular published by HL in connection with the Scheme on 6 September 2024;

SPP II means the Hargreaves Lansdown plc Sustained Performance Plan 2017 (as amended from time to time);

SPP II Exchange has the meaning given in section 4 of this letter;

SPP II Options means the options granted to employees and former employees of the HL Group under the SPP II;

SPP II Phantom Award has the meaning given in section 4 of this letter;

SPP II Phantom Units has the meaning given in section 4 of this letter; and

SPP II Rules means the rules of the Hargreaves Lansdown plc Sustained Performance Plan II (as amended from time to time).

APPENDIX 3 FREQUENTLY ASKED QUESTIONS

Q1. How will I know when the Court Hearing takes place?

This will be announced on the London Stock Exchange, on HL's website and in the press. It is currently expected to occur in the first quarter of 2025.

Q2. What happens if the Scheme is never sanctioned by the Court?

In this case, there would be no effect on your SPP II Options and they would vest and become exercisable in the normal way under the SPP II Rules. The SPP II Exchange would not take effect.

Q3. When will I receive payment for my SPP II Phantom Award?

Your SPP II Phantom Units will vest and be settled automatically on the later of (i) the original vesting date of your SPP II Options, and (ii) the end of the relevant retention period for your SPP II Options.

Q4. What happens if I leave HL?

If you cease employment with HL following the SPP II Exchange, the SPP II Rules will be revised so that the SPP II Phantom Award will only lapse if you leave due to gross misconduct. If you leave HL for any other reason, you will retain your SPP II Phantom Units and they will vest and be settled in the usual way as detailed above.

This is a more favourable position than the leaver terms of your SPP II Options.

Q5. I am no longer an HL MRT. Why can't my SPP II Options be accelerated in connection with the Acquisition?

What is relevant is whether you were an MRT and subject to the Regulatory Requirements at the time of grant of the relevant SPP II Options. If your MRT status subsequently changed, then that would only change the application of the Regulatory Requirements to any SPP II Options which were granted after that time.

Q6. Why are some of my SPP II Options being exchanged and others cashed out?

Only the SPP II Options which are subject to mandatory deferral under the Regulatory Requirements will be rolled over. As noted above, your SPP II Options will only be exchanged where the Regulatory Requirements applied to you in your role as an MRT at the time the relevant SPP II Options were granted to you.

As a result, it is possible that only some of your SPP II Options will be exchanged for an SPP II Phantom Award and others will be "cashed out" in connection with the Acquisition. If that is the case, you will have received a separate letter on 11 February 2025 (available to view in Sharehub on the 'My Documents' page) which addressed the impact of the Acquisition on your remaining SPP II Options which will be cashed out.

Q7. Can I object to the SPP II Exchange and retain my SPP II Options?

It is not possible for you to retain your SPP II Options and exercise these in connection with the Acquisition, due to the Regulatory Requirements. If you do not accept the SPP II Exchange, then your SPP II Options will lapse.

Q8. What happens if I do nothing?

Once the acceptance window opens on **5 March 2025**, you will need to accept the SPP II Exchange via Sharehub **by 5pm on 12 March 2025**. If you do nothing, your SPP II Options will lapse and cease to be of any value at the point the SPP II Exchange would otherwise have occurred.

Q9. What are the tax consequences of the SPP II Exchange?

There will be no tax consequences in connection with the SPP II Exchange.

Q10. What are the tax consequences of the vesting and satisfaction of my SPP II Phantom Award (and receiving a cash payment in respect of dividend equivalents)?

This information is intended as a general guide only and applies only to participants treated as resident for tax purposes in the UK throughout the time between the date their SPP II Options were granted and the time their SPP II Phantom Award vests and is satisfied. It does not constitute tax advice to any individual participant. Tax law can and does change and you should not necessarily assume that the current tax position will continue.

Please note that none of HL, Bidco or Howells can provide you with legal, personal tax or financial advice. If you are in any doubt as to the contents of this letter or the action you should take, you are recommended to consult an independent financial adviser who, if you are taking advice in the United Kingdom, is authorised under the Financial Services and Markets Act 2000 (as amended from time to time) or, if you are taking advice outside the United Kingdom, from another appropriately authorised independent financial adviser.

a) Income tax and national insurance contributions

When your SPP II Phantom Award vests, you will have an income tax and employee national insurance contributions liability to pay as a consequence of the vesting of that SPP II Phantom Award on the cash value of the SPP II Phantom Award upon exercise (which will be deducted via payroll). This value will be £11.10 per SPP II Phantom Unit.

b) Capital gains tax (CGT)

As the entirety of your gain is subject to income tax and national insurance contributions, it is not anticipated that any CGT will arise on the satisfaction of the SPP II Phantom Award.