

1 Churchill Place  
London E14 5HP  
United Kingdom

Tel +44 (0)20 7623 2323

[barclays.com](http://barclays.com)

Capita plc  
65 Gresham Street  
London  
EC2V 7NQ

(the **Company**)

10 July 2024

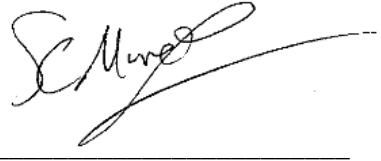
Dear Sirs/Mesdames

**Proposed disposal by the Company of the Capita One software solutions business (the "Disposal")**

We refer to the circular to be issued by the Company on or around 10 July 2024 in connection with the Disposal (the "**Circular**"), a copy of which is attached to this letter, which we have initialled for the purposes of identification.

We hereby confirm that we have given and not withdrawn our consent to the publication of the Circular with the inclusion of the references to our name in the form and context in which they appear.

This letter should not be relied upon by any person other than the addressee.



---

Name:

for and on behalf of

Barclays Bank PLC, acting through its Investment Bank

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 (FSMA) immediately, if you are in the United Kingdom, or from another appropriately authorised independent professional adviser if you are taking advice in a territory outside the United Kingdom.**

LR 13.3.1(4)

**If you sell or transfer or have sold or otherwise transferred all of your Shares, please send this document at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, this document should not be forwarded, distributed or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold part of your holding of Shares in Capita plc (Capita or the Company), please retain this document and contact immediately the bank, stockbroker or other agent through whom the sale or transfer was effected.**

LR 13.3.1(6)



**CAPITA PLC**

PR Annex 1  
item 4.1

Incorporated in England and Wales with registered number 02081330

## **Proposed disposal of the Capita One software solutions business**

**Circular to Shareholders**

**and**

**Notice of General Meeting**

**This document should be read as a whole. Your attention is drawn to the letter from the Chair of Capita which is set out on pages 7 to 15 of this document and which contains the unanimous recommendation from the Board that you vote in favour of the Resolution to be proposed at the General Meeting referred to below.**

Notice of a General Meeting of the Company to be held at Dentons UK and Middle East LLP, 1 Fleet Place, London EC4M 7WS at 12:00 p.m. on 29 July 2024 is set out at the end of this document. The General Meeting will be held as a physical meeting and Shareholders should refer to the Notice of General Meeting at the end of this document for further information.

Whether or not you intend to attend the General Meeting, you are encouraged to appoint a proxy to cast your votes on the Resolution as soon as possible in the manner set out below. A member may appoint a proxy online by following the instructions for the electronic appointment of a proxy at [www.capitashares.co.uk](http://www.capitashares.co.uk). To be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received by the Company's Registrars, Link Group by 12:00 p.m. on 25 July 2024. CREST members may use the CREST electronic proxy appointment service. Details of the CREST electronic appointment method are found in Notes 17 to 20 of the Notice of General Meeting set out at the end of this document. If you are an institutional investor, you may also be able to appoint a proxy electronically via the proxymity platform. Details of the proxymity platform appointment method are found in Note 10 of the Notice of General Meeting set out at the end of this document. Alternatively,

hard copy forms for the appointment of a proxy are available on request from Link Group: email [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk) or call +44 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 a.m. to 5:30 p.m., Monday to Friday excluding UK public holidays. Hard copy proxy appointment forms must be completed in accordance with the instructions that accompany them and delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds LS1 4DL so as to be received by the same time as stated above for electronic proxy appointments.

**The actions to be taken in respect of the General Meeting are set out in section 12 of the letter from the Chair of Capita which is set out on pages 7 to 15 of this document.**

**For a discussion of certain risk factors which should be taken into account when considering what action you should take in connection with the General Meeting, please see Part 2 (*Risk Factors*) of this document.**

Barclays Bank PLC, acting through its Investment Bank (**Barclays**), which is authorised by the Prudential Regulation Authority (**PRA**) and regulated in the United Kingdom by the Financial Conduct Authority (**FCA**) and the PRA, is acting exclusively for the Company as Sponsor and financial adviser and no one else in connection with the Disposal, and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Disposal or any other matter or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Barclays by FSMA (as amended) or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Barclays accepts no responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, and nothing contained in this document is, or shall be, relied on as a promise or representation in this respect, whether as to the past or the future, in connection with Capita or the Disposal. Save for the aforementioned responsibilities and liabilities, if any, which may be imposed, Barclays and its subsidiaries, branches and affiliates accordingly disclaim, to the fullest extent permitted by law, all and any duty, liability and responsibility whether arising in contract, in tort or otherwise (save as referred to above) in respect of this document or any such statement or otherwise.

This document is dated 10 July 2024.

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## **EXPECTED TIMETABLE FOR PRINCIPAL EVENTS**

Announcement of the Disposal .....	9 July 2024
Publication and posting of this document and the Notice of General Meeting .....	10 July 2024
Latest time and date for receipt of forms of proxy .....	12:00 p.m. on 25 July 2024
Latest time and date for receipt of CREST proxy appointment instruction .....	12:00 p.m. on 25 July 2024
Latest time and date for receipt of proxy appointment via proxymity platform .....	12:00 p.m. on 25 July 2024
Record time and date for entitlement to vote at the General Meeting .....	6:00 p.m. on 25 July 2024
General Meeting .....	12:00 p.m. on 29 July 2024
Expected date of Completion subject to the conditions being satisfied .....	30 August 2024
Long Stop Date .....	9 January 2025

### **Notes:**

All references to time in this document are to London time unless otherwise stated.

The dates given are based on the Company's current expectations and may be subject to change. If any of the times or dates above change, the Company will give notice of the change by issuing an announcement through a Regulatory Information Service.



## CORPORATE DETAILS AND ADVISERS

<b>Directors</b>	David Lowden Adolfo Hernandez Tim Weller Georgina Harvey Brian McArthur-Muscroft Nneka Abulokwe OBE Neelam Dhawan	Chair Chief Executive Officer Chief Financial Officer Senior Independent Director Independent Non-Executive Director Independent Non-Executive Director Independent Non-Executive Director
<b>Company Secretary</b>	Claire Denton	
<b>Registered Office</b>	65 Gresham Street London EC2V 7NQ United Kingdom	
<b>Sponsor and Financial Advisor</b>	Barclays Bank PLC, acting through its Investment Bank 1 Churchill Place Canary Wharf London E14 5HP United Kingdom	
<b>Legal Adviser</b>	Dentons UK and Middle East LLP One Fleet Place London EC4M 7RA United Kingdom	
<b>Reporting Accountant and Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL United Kingdom	
<b>Registrars</b>	Link Group Central Square 29 Wellington Street Leeds LS1 4DL United Kingdom	

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## GENERAL INFORMATION

### Forward-looking statements

This document may include certain forward-looking statements, beliefs or opinions, including statements with respect to the Group's or the Continuing Group's business, financial condition and results of operations. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology or by discussions of strategy, plans, objectives, goals, future events or intentions. These statements are made by the Directors in good faith based on the information available to them at the date of this document and reflect the Directors' beliefs and expectations. By their nature, these statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, developments in the global economy, changes in regulation and government policies, spending and procurement methodologies, geo-political conditions, inflationary pressure in the UK and globally, currency fluctuations, a failure in the Group's or the Continuing Group's health, safety or environmental policies and other factors discussed in Part 2 (*Risk Factors*) of this document.

No representation or warranty is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this document speak only as of their respective dates, reflect the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's or the Continuing Group's operations and growth strategy. You should specifically consider the factors identified in this document which could cause actual results to differ before making any decision in relation to the Disposal. Subject to the requirements of the FCA, the London Stock Exchange, the Listing Rules, MAR and the DTRs (and/or any other regulatory requirements) or applicable law, the Company explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of this document. Neither the forward-looking statements contained in this document, nor the statements in this General Information section seek to in any way qualify the working capital statement in Part 6 (*Additional Information*) of this document.

No statement in this document is or is intended to be a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that the earnings of the Company or COL for the current or future financial years will necessarily match or exceed the historical or published earnings of the Company or COL.

Any information contained in this document on the price at which shares or other securities in the Company have been bought or sold in the past, or on the yield on such shares or other securities, should not be relied upon as a guide to future performance.

### No offer or solicitation

This document is not a prospectus and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security.

## **Information for overseas Shareholders**

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. This document has been prepared for the purposes of complying with English law and the Listing Rules, and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.

### **Publication of website and availability of hard copies**

LR 13.5.6

A copy of this document, together with all information incorporated into this document by reference to another source, is and will be available for inspection on the Company's website either at [www.capita.com/investors/shareholder-information](http://www.capita.com/investors/shareholder-information) or [www.capita.com/investors/results-reports-and-presentations](http://www.capita.com/investors/results-reports-and-presentations) from the time this document is published. For the avoidance of doubt, the contents of the websites referred to in this document are not incorporated into, and do not form part of, this document.

If and to the extent that any document or information incorporated by reference or attached to this document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information.

In particular, information on or accessible through the Company's corporate website at [www.capita.com](http://www.capita.com) does not form part of, and is not incorporated into, this document.

If you have received this document in electronic form, you may request a hard copy of this document and/or any information incorporated into this document by reference to another source by contacting the Company's Registrars, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL or between 9:00 a.m. and 5:30 p.m., Monday to Friday (excluding UK public holidays), on +44(0) 371 664 0300, with your full name and the full address to which the hard copy may be sent (calls may be recorded and monitored for training and security purposes). Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate.

### **Presentation of financial information**

Percentages in tables may have been rounded and accordingly may not add up to 100 per cent. Certain financial data has been rounded and, as a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

References to "m" are to "million".

References to "£", "GBP" "pounds", "pounds sterling", "sterling", "p", "penny" or "pence" are to the lawful currency of the United Kingdom.

References to "\$", "US\$", "\$US", "USD", "US Dollars", "US dollars" or "cents" are to the lawful currency of the United States of America.

References to "€", "EUR" or "euros" are to the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union.

### **Certain defined terms**

Certain terms used in this document, including capitalised terms and certain technical and other items, are defined and explained in Part 8 (*Definitions and Glossary*) of this document.



## PART 1

### LETTER FROM THE CHAIR OF CAPITA PLC

PR Annex 1  
item 4.1

(incorporated in England and Wales with registered number 02081330)

65 Gresham Street PR Annex 1  
London item 4.4  
EC2V 7NQ  
United Kingdom

10 July 2024

Dear Shareholder

#### Proposed disposal of the Capita One software solutions business and Notice of General Meeting

#### 1 INTRODUCTION

LR 10.4.1(2)(a)

On 9 July 2024, Capita announced its agreement to dispose of the entire share capital of Capita One Limited (**COL**) to Orchard Information Systems Limited (the **Purchaser**) which is a wholly-owned subsidiary of the MRI Software, LLC (**MRI Software**) (the **Disposal**). COL is wholly owned by Capita Business Services Ltd (the **Seller** or **CBSL**) and holds Capita's software solutions business for local government authorities, covering the development, maintenance and technical application support of council tax and business rates, revenues and benefits, social housing assets and tenant management and public education records (the **Capita One Business**).

The proposed Disposal is being sought to align Capita's business divisions with its re-focused strategy. As announced on 13 June 2024 at Capita's Capital Markets Event, standalone software activities, including the Capita One Business, are part of the Group's "managed for value" category (see below). The Disposal will realise material value for Shareholders and the expected net cash proceeds of the Disposal will provide the Continuing Group with additional cash resources to strengthen its financial position and further reduce indebtedness, as well as funding its transformation journey. Although short term pro forma results are expected to be impacted by the Disposal, the Company is maintaining its medium-term guidance for the Continuing Group based on the benefits of the cost saving and technology initiatives previously outlined.

In order to effect the Disposal, CBSL, a wholly owned subsidiary of Capita, has entered into a conditional share purchase agreement with the Purchaser (the **Sale Agreement**). The principal terms of the Sale Agreement are set out in Part 3 (*Summary of the Transaction Agreements*) of this document. The total consideration payable by the Purchaser represents a c.10x multiple on 2023 EBITDA for the Capita One Business of c. £21m.

Due to the size of the Disposal in relation to the size of the Company, the Disposal constitutes a Class 1 transaction for the Company under the current Listing Rules and is therefore currently conditional upon, amongst other things, the approval of the Shareholders. Accordingly, a General Meeting at which Shareholders will be asked to approve the Disposal is being convened at Dentons UK and Middle East LLP, 1 Fleet Place, London EC4M 7WS at 12:00 p.m. on 29 July 2024. The Disposal is also subject to other conditions which are summarised in Part 3 (*Summary of the Transaction Agreements*) of this document.

The FCA has announced that proposed changes to the Listing Rules, including changes to the rules relating to Class 1 transactions, (the "**New Listing Rules**") are expected to be finalised and implemented early in the second half of 2024. If the New Listing Rules are implemented as currently proposed and become effective prior to Completion of the Disposal, they would not require the Disposal to be conditional upon the approval of the Shareholders. If, prior to the General Meeting, the FCA announces that the New Listing Rules will become effective prior to the expected date of Completion such that the approval of the Shareholders would, under the New Listing Rules, no longer be required for Completion to occur, the Company would not therefore seek the approval of the Shareholders in relation to the Disposal and would permanently adjourn the General Meeting. In such circumstances the Company would give notice of its intention to adjourn the General Meeting by issuing an announcement through a Regulatory Information Service.

The purpose of this document is to provide you with information on the Disposal, to explain the background to and reasons for the Disposal and why the Directors unanimously consider the Disposal to be in the best interests of the Shareholders as a whole, and to recommend that you vote in favour of the Resolution to be proposed at the General Meeting. The Directors intend to vote in favour of the Resolution at the General Meeting in respect of their own beneficial holdings of 2,054,672 Shares, representing approximately 0.12 per cent. of the Company's existing issued ordinary share capital (excluding treasury shares) at 28 June 2024 (the **Latest Practicable Date**).

LR 13.3.1(2)

**Your attention is drawn to paragraph 11 of this letter for more information on the importance of your vote.**

## **2 BACKGROUND TO AND REASONS FOR THE DISPOSAL**

LR 13.3.1(1)  
LR 13.3.1(3)

Since 2018, Capita has made significant progress in disposing of its non-core businesses as part of its strategy of building a focused Group around two core divisions: Capita Public Service and Capita Experience, with the c. £500m Portfolio disposal programme completed.

On 13 June 2024, Capita held a Capital Markets Event outlining the Group's strategic themes and priority business sectors going forward, which will focus on areas where Capita has strong expertise, "wins today" and sees material opportunities in the future. During the Capital Markets Event, some areas of the Group were identified as being "managed for value", including standalone software activities. Within the "managed for value" category, Capita outlined the options it is pursuing, including optimising delivery, delivery through partners, radical transformation or exploring exits.

The Capita One Business, which has been identified as a "managed for value" area of the Group, has been part of the Local Public Service vertical of the Capita Public Service division for a number of years. Following a review of the Group's verticals and product offerings in early 2024, Capita's re-focused business strategy is to prioritise partnering with leading technology hyperscalers to co-develop and deliver its offerings more quickly and cost-effectively, rather than investing in or building its own bespoke technology platforms. The proposed Disposal, as well as previous disposals of other software assets as part of the Group's non-core business disposal programme, are in line with this re-focused business strategy.

Further, the net cash proceeds of the Disposal will provide the Continuing Group with additional cash resources to strengthen its financial position and further reduce indebtedness, as well as funding its transformation journey.

As a result, in April 2024, the Company commenced a competitive process to sell COL.

### 3 INFORMATION ON COL AND THE CAPITA ONE BUSINESS

LR 10.4.1(2)(b)  
LR 10.4.1(2)(e)

The Capita One Business is a provider of software solutions across the UK public sector, helping local authorities to drive efficiency, maximise revenue collection and deliver essential public services as cost effectively as possible. The business primarily serves local authorities, local education authorities and housing associations. The Capita One Business operates across the following sectors:

- revenues and benefits software: the Capita One Business' back-office software offering, which includes a citizen facing solution, allowing local authorities in England, Scotland and Wales to administer revenue collection and benefits allocation;
- social housing management: a platform that provides local authorities and housing associations with asset and tenant management capabilities; and
- education management software: enables local authorities in England, Wales and Northern Ireland to manage their education services more efficiently by offering an integrated platform to oversee, for example, school admissions, attendance and transport.

COL was incorporated on 27 December 2023 as a wholly owned subsidiary of the Company. The Capita One Business was transferred by the Group to COL on 1 May 2024.

#### ***Trading results for the Capita One Business***

The table below summarises the trading results of the Capita One Business for the three years ended 31 December 2023, 2022 and 2021.

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
<u>£m</u>			
Revenue .....	54.6	54.1	51.0
Operating profit .....	18.7	18.7	21.2
Profit before tax .....	18.7	18.7	21.2
Profit for the year .....	14.3	15.1	17.2

The financial information set out in this paragraph 3 has been extracted from Part 4 (*Historical Financial Information on the Capita One Business*) of this document. Shareholders should read the whole of this document and should not rely solely on the summarised financial information set out above.

LR 13.5.11

### 4 FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

LR 10.4.1(2)(d)  
LR 13.4.1(5)  
LR 10.4.1(2)(f)

#### ***Financial effects of the Disposal***

As Capita holds 100 per cent. of the Capita One Business, the Group's consolidated accounts include the Capita One Business.

For the year ended 31 December 2023, the Capita One Business contributed revenue and operating profit of £54.6m and £18.7m respectively to the Group. As at 31 December 2023, the total assets of the Capita One Business were £67.1m and the EBITDA and operating cash conversion of Capita One Business were c. £21m and 92% respectively.

Following Completion, the Continuing Group will no longer receive the contribution the Capita One Business currently makes to the Group's operating profit. The pro forma effect of the Disposal on the net assets of the Continuing Group as at 31 December 2023, which has been prepared for illustrative purposes only, is set out in Part 5 (*Unaudited Pro Forma Statement of Net Assets*) of this document.

### **Use of proceeds**

LR 10.4.1(2)(h)

The gross cash proceeds from the Disposal receivable by the Continuing Group at Completion are expected to be approximately £207.0m. The net cash proceeds from the Disposal receivable by the Continuing Group at Completion are expected to be approximately £178.6m (after excluding Disposal proceeds of approximately £17.7m attributable to surplus cash in COL expected to be derecognised by the Continuing Group on Completion and after deduction of estimated costs and expenses of £10.7m associated with the Disposal). Due to ongoing discussions with advisers in connection with the Disposal, there is uncertainty around the transaction costs to be borne by the Continuing Group in respect of the Disposal. Transaction costs are expected to fall within a range of £10.7m and £16.0m. The estimated transaction costs of £10.7m represents the lower end of that range.

Prior to Completion, the Continuing Group also expects to receive a cash dividend of £4.8m from COL. The Company intends to use the net cash proceeds of the Disposal payable at Completion and the dividend as additional cash resources to strengthen its financial position and further reduce indebtedness, as well as funding its transformation journey.

### **5 INFORMATION ON THE CONTINUING GROUP AND FUTURE STRATEGY**

On 13 June 2024, the Group held a Capital Markets Event to set out its future strategy and ambition over the medium-term, to become a better Group with an improved financial performance.

Following the Disposal, the Continuing Group will continue to implement its strategy to build a more sustainable business which aims to deliver for all stakeholders. Delivery of the Continuing Group's wider strategy will be achieved through a number of key initiatives across both Capita Public Service and Capita Experience divisions of the Continuing Group:

- restructuring and right sizing the Group to reduce costs;
- drive efficiency and cash flow;
- introduction of targeted, standardised, repeatable product propositions to capitalise on shifting demand, for example the announcement of CapitaContact with AWS on 10 June 2024;
- development of core market propositions for selective service offerings; and
- partnerships with technology hyperscalers to address industry trends and client demands.

The execution of this strategy will support delivery of the Continuing Group's medium-term targets:

- Low to mid-single digit revenue growth;
- 6 – 8% EBIT margin;
- 65% - 75% operating cash conversion; and
- Net financial debt leverage of less than or equal to 1x.

### **6 TREND INFORMATION**

As previously announced on 6 March 2024, the Company is on track to deliver the net £60m annualised cost savings, from Q1 2024 as announced in November 2023. The Company has also announced further material efficiency improvements of £100m to improve the Group's competitive position, of which £50m will be reinvested in the Company.

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item 10

Further, the significant trends in the financial and operational performance of the Group for the year ended 31 December 2023 are as follows:

- Adjusted revenue growth for the year was 1.3% with adjusted revenue of £2,642.1m (2022: £2,609.0m). This reflects underlying growth in contracts such as Personal Independence Payments, benefit from indexation and a commercial settlement in the closed book Life & Pensions business in Capita Experience. This was partially offset by contract losses including the Co-operative Bank in Capita Experience and in our Local Public Service business in the Public Service division.
- Reported revenue declined by 7% to £2,814.6m as core business growth was more than offset by the disposal of non-core businesses.
- Adjusted profit before tax improved by £6.7m to £56.5m (2022: £49.8m). Profit benefited from revenue growth, in particular the commercial settlement in Capita Experience and a reduction in bonuses and variable pay, offset by increased financing costs. The reported loss before tax was £106.6m as a result of the £38.8m loss incurred on business exits during the year, the goodwill impairment of £42.2m (recognised in respect of businesses in the Portfolio disposal programme), the expense associated with the Group's cost reduction programme with £23.3m incurred in respect of employee consultation programmes and £31.1m of associated property related charges, and £25.3m of cost incurred in respect of the March 2023 cyber incident.
- The free cash outflow before the impact of business exits was £115.5m (2022 outflow: £42.4m). The 2023 outflow was driven by an increased working capital outflow, principally reflecting a reduction in the in-period usage of the Group's nonrecourse invoice discounting facility and the non-cash nature of the commercial settlement in Capita Experience. There were additional outflows reflecting the cash cost of the cyber incident and the expected increase in capital expenditure on technology investment across the Group.
- The free cash outflow for the Group was £154.9m (2022 outflow: £31.5m), reflecting the in-year cash impact of businesses exited or being exited of £23.1m and £16.3m of pension deficit contributions triggered by disposals.
- Net financial debt (pre-IFRS 16) was £182.1m (2022: £84.9m) reflecting the free cash outflow which more than offset the net proceeds realised on disposals. Proforma net financial debt (pre-IFRS 16) including the Fera net cash proceeds at 31 December 2023 would have been £132.0m, resulting in a year-end leverage of 0.9x had the sale been completed in 2023.
- Net debt, including the impact of property leases accounted for under IFRS 16 was £545.5m in 2023 (2022: £482.4m), reflecting the free cash outflow across the year. Our IFRS 16 lease liability has reduced to £363.4m from £397.5m, as we continue to optimise our property footprint.

The Group has also completed its c.£500m Portfolio non-core business disposal programme. In 2023 the Group completed the disposal of its People, Software, Business Solutions and Travel pillars realising net proceeds of £63.4m in the year. In December 2023, the Group announced the sale of Fera, its joint venture with DEFRA which completed in January 2024, realising gross proceeds of £62m (£51m net proceeds, after cash held by Fera at completion and disposal costs).

The Group has also significantly extended its funding maturity profile in 2023 through the extension of the Group's revolving credit facility to 2026 and issuance of £101.9m equivalent of US private placement notes with a mixture of three and five-year maturities.

The Board looks forward with confidence to the future of the Continuing Group with greater focus on its core capabilities and strategy.

There has been no significant change in the financial position or financial performance of the Continuing Group since 31 December 2023, the date to which the last published audited financial statements of the Group were published.

There has been no significant change in the financial position or financial performance of the Capita One Business since 31 December 2023, being the end of the last financial period for which unaudited financial information of the Capita One Business has been presented in Part 4 (*Historical Financial Information Relating to the Capita One Business*) of this document.

## 7 INFORMATION ON THE PURCHASER

The Purchaser, is a private limited company incorporated in England and Wales and is a wholly-owned subsidiary of MRI Software. The Purchaser intends to support the Capita One Business' growth plans and further develop its product portfolio and customer base.

MRI Software is a leading provider of real estate software solutions that transform the way communities live, work and play. MRI Software's open and connected, AI-first platform empowers agents, owners, operators and occupiers in commercial and residential property organisations to innovate in rapidly changing markets. MRI Software has been a trailblazer in the PropTech industry for over five decades, serving more than six million users worldwide, including social housing and the public sector. Through innovative solutions and a rich partner ecosystem, MRI Software gives real estate companies the freedom to realise their vision of building thriving communities and stronger businesses.

## 8 TERMS OF THE DISPOSAL

The Disposal will be undertaken pursuant to the terms of the Sale Agreement and the Transitional Services Agreement (the **Transitional Services Agreement** or **TSA**, together with the Sale Agreement, the **Transaction Agreements**). A summary of the principal terms and conditions of the Transaction Agreements is set out in Part 3 (*Summary of the Transaction Agreements*) of this document.

LR 13.3.1(3)

## 9 RISK FACTORS

For a discussion of certain risk factors which should be taken into account when considering what action you should take in connection with the General Meeting, please see Part 2 (*Risk Factors*) of this document.

## 10 GENERAL MEETING

LR 13.3.1(2)

Completion of the Disposal is conditional upon, amongst other things, Shareholders' approval being obtained at the General Meeting. Accordingly, you will find set out at the end of this document a notice convening a General Meeting to be held at Dentons UK and Middle East LLP, 1 Fleet Place, London EC4M 7WS at 12:00 p.m. on 29 July 2024 (the **Notice of General Meeting**) at which the Resolution to approve the Disposal will be proposed.

## 11 IMPORTANCE OF YOUR VOTE

Under the current Listing Rules, the Resolution must be passed by Shareholders at the General Meeting in order for the Disposal to proceed. The net cash proceeds of the Disposal will provide the Continuing Group with additional cash resources to strengthen its financial position and further reduce indebtedness, as well as funding its transformation journey.

The Company is of the opinion that, after taking into account the expected net cash proceeds of the Disposal payable at Completion and the facilities available to the Continuing Group, the Continuing Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

#### ***Consequences of the Disposal failing to complete***

In connection with the Disposal and as part of the Group's business planning process, the Board has closely monitored the Group's financial forecasts, key uncertainties and sensitivities. As part of this exercise, the Board has reviewed a number of scenarios, including both where the Disposal proceeds and where the Disposal does not proceed.

The Board's reasonable worst case downside scenario comprises: (i) the Company's business plan, sensitised for various downside scenarios to illustrate the impact of certain risks that may adversely impact the Continuing Group's liquidity headroom over the next 12 months from the date of publication of this document; offset by (ii) certain mitigating actions, including, but not limited to, a reduction in discretionary spending, that management would take to enhance the Group's liquidity position if required. The Company considers these mitigating actions to be within its control. The reasonable worst case downside scenario assumes that the Disposal takes place and therefore includes the expected net cash proceeds of the Disposal payable at Completion. Under this scenario, the Company is of the opinion that the Continuing Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

If the reasonable worst case downside scenario were to occur but the Disposal were not to proceed, the Company would have to operate with very low levels of liquidity headroom at certain points during the 12-month period covered by the working capital statement set out in Part 6 (*Additional Information*) of this document. Should the certain mitigating actions included within the reasonable worst case downside scenario not operate as intended, the Company may (without additional mitigating actions beyond those assumed in the reasonable worst case downside scenario) have insufficient liquidity at certain points during the 12-month period covered by the working capital statement set out in part 6 (*Additional Information*) of this document.

If the reasonable worst case downside scenario were to occur but the Disposal were not to proceed, the Company expects that it would take additional mitigating actions, in addition to those certain mitigating actions as outlined above and included in the reasonable worst case downside scenario, to improve liquidity levels. These additional mitigating actions include, but are not limited to, a disposal or disposals of other assets, raising new debt, further reducing discretionary spending, increasing cost efficiencies, further reducing capital expenditure, seeking extensions to existing debt facilities, and seeking other forms of funding. Other than a disposal or disposals of other assets, raising new debt, seeking extensions to existing debt facilities and seeking other forms of funding, the Company considers these mitigating actions to be within its control.

While the Company is confident in its ability to take these additional mitigating actions to improve liquidity if required, there are a number of challenges to their implementation. There can also be no assurance that they would be capable of implementation in a timely manner, nor that they would ultimately be successful in improving liquidity levels if they were implemented, having the potential to lead to the Company having insufficient levels of liquidity. The Company's ability to implement any such actions will be subject to constraints imposed by the need for participation, agreement and/or approval of third-party stakeholders to effect certain of these actions. The potential consequences expected by the Company if such insufficient liquidity were to occur are explained below.

#### ***Consequences of insufficient liquidity***

The Company may have insufficient liquidity to meet its liabilities as they fall due if the reasonable worst case downside scenario were to occur, the Disposal were not to proceed and mitigating actions included in the reasonable worst case downside scenario, or additional mitigating actions outlined above, did not operate as intended.

In circumstances where the Company has insufficient liquidity to meet its liabilities as they fall due, which may also result in a breach of financial covenants contained in its financial documents, the relevant contract, loan or note documentation under which the Company has failed to meet its liabilities as they fall due, and/or under which it has breached financial covenants, creditors may demand the accelerated payment in full of the relevant amounts (principal, accrued interest and other fees) outstanding at the time of the breach and/or a cross-default in relation to each of the Group's other financing arrangements may occur. As at the date of this document, the Company's only financing arrangements are the facility under the RCF Agreement and the US PP Notes. The total outstanding balance and commitments under those financing arrangements is expected to be up to approximately £503m during the 12-month period covered by the working capital statement set out in Part 6 (*Additional Information*) of this document.

If an event of default were to occur in accordance with the terms of one or more of the Company's financing arrangements, the Company would not be able to draw under the RCF Agreement. The Company estimates that, if in the circumstances described above an event of default were to occur in accordance with the terms of one or more of the Company's financing arrangements, either through non-payment and/or breach of financial covenants, and if the relevant creditor(s) were to demand the accelerated payment in full of the relevant amounts outstanding and a cross-default were to occur in relation to each of the Company's remaining financing arrangements, then the total amount that the Company would be required to pay is expected to be approximately £503m. The Company does not expect that it would have access to funds immediately available to repay such amounts at that time.

In such circumstances, the Company may take alternative measures, including a disposal of assets, a restructuring of its debts on a consensual basis or otherwise, raising new debt or seeking to secure other forms of funding or seeking to re-engage with creditors to obtain an amendment or waiver. Any of the above actions may also be taken in order to mitigate a liquidity shortfall and/or avoiding a breach of a financial covenant faced by the Company in such circumstances, alongside seeking additional liquidity through debt finance options. However, there is no guarantee that the aforementioned actions would succeed and, if they are not successful, the Company may be required to enter into liquidation or other insolvency proceedings. Shareholders would then be at risk of losing all or a substantial amount of their investment in such circumstances.

There can be no assurance that the reasonable worst case downside scenario will be avoided or that the Company's very low levels of liquidity headroom will be sufficient in circumstances where the Company's actual performance is below the reasonable worst case downside scenario projections, and, if it is not, there can be no assurance that the alternative actions outlined above would be capable of implementation in the time available nor that they would ultimately be successful. Accordingly, the Board believes that the successful completion of the Disposal is in the best interests of Shareholders as a whole.

**As such, Shareholders are asked to vote in favour of the Resolution at the General Meeting so that, assuming that the other conditions to the Disposal are satisfied, the Disposal can proceed.**

## **12 ACTION TO BE TAKEN**

Your support is important to Capita.

Whether or not you intend to attend the General Meeting, you are encouraged to appoint a proxy to cast your votes on the Resolution as soon as possible in the manner set out below.

To register your proxy vote online, visit [www.capitashares.co.uk](http://www.capitashares.co.uk) where details of the procedure are shown. To be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received no later than 12:00 p.m. on 25 July 2024. When you first register on the share portal, you will need your "Investor Code" which can be found on your share certificate.

If you hold your Shares in CREST, you may appoint a proxy by completing and transmitting a CREST proxy appointment instruction form so that it is received by the Company's Registrars, Link Group, (under CREST participant ID RA10) by no later than 12:00 p.m. on 25 July 2024. The time of receipt will be taken to be the time from which the Company's Registrars, Link Group, are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

If you are an institutional investor, you may also be able to appoint a proxy electronically via the proxymity platform, a process which has been agreed by the Company and approved by the Registrars. For further information regarding proxymity, please go to [www.proxymity.io](http://www.proxymity.io). Your proxy must be lodged by no later than 12:00 p.m. on 25 July 2024 in order to be considered valid. Before you can appoint a proxy via this process, you will need to have agreed to proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

Alternatively, hard copy forms for the appointment of a proxy are available on request from Link Group: email [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk) or call +44 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9:00 a.m. to 5:30 p.m., Monday to Friday excluding UK public holidays. To be valid, a hard copy proxy appointment form must be completed in accordance with the instructions that accompany it and then delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL so as to be received by the same time as stated above for electronic proxy appointments.

The completion and return of a form of proxy, registration of an online proxy appointment or completion and transmission of a CREST proxy instruction will not prevent you from attending the General Meeting and voting in person if you wish to do so.

## 13 FURTHER INFORMATION

The expected timetable of principal events for the matters described in this document is set out on page 2 of this document. Your attention is drawn to the further information contained in Part 2 (*Risk Factors*) to Part 6 (*Additional Information*) of this document. **Shareholders should read the whole of this document and not rely solely on information summarised in this letter.**

## 14 FINANCIAL ADVICE

The Board has received financial advice from Barclays (as financial adviser) in relation to the Disposal. In providing advice to the Board, Barclays has relied upon the commercial assessment of the Board.

## 15 RECOMMENDATION

LR 13.3.1(5)

The Board considers the terms of the Disposal to be fair and reasonable and considers that the Disposal is in the best interests of the Shareholders as a whole. Accordingly, the Board unanimously recommends you to vote in favour of the Resolution at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings of 2,054,672 Shares, representing approximately 0.12 per cent. of the Company's existing issued ordinary share capital (excluding treasury shares) at the Latest Practicable Date.

Yours faithfully



**David Lowden**  
Chair



## PART 2

### RISK FACTORS

PR Annex 1  
item 3

*In addition to the other information contained in, or incorporated by reference into, this document, the following risk factors should be considered carefully prior to making any decision as to whether or not to vote for the Disposal. The Disposal may give rise to certain risks which, if they occur, may have a material adverse effect on the business, financial condition, results of operations and prospects of the Continuing Group. If any of the following risks were to materialise, the business, financial condition, results of operations and prospects of the Continuing Group could be materially adversely affected and the value of the Shares could decline and Shareholders could lose all or part of their investment in those Shares.*

*The Directors consider the following to be the material risk factors related to the Disposal, material new risk factors to the Company as a result of the Disposal, or existing material risk factors to the Company which will be affected by the Disposal. These risks do not purport to be a comprehensive list of all potential risks in relation to the Disposal and do not include additional risks relating to the Disposal that are not presently known to the Directors, or which the Directors deem immaterial in the context of the Disposal. The risks described in this Part 2 are based on information known at the date of this document but may not be the only risks to which the Continuing Group is or might be exposed. Additional risks and uncertainties, which are currently unknown to the Company or that the Company does not currently consider to be material, may adversely affect the business of the Continuing Group and could have material adverse effects on the business, financial condition, results of operations and future prospects of the Continuing Group. Shareholders should read this document as a whole and not rely solely on the information set out in this Part 2.*

#### 1 RISKS RELATING TO THE CONTINUING GROUP'S LIQUIDITY POSITION

##### **1.1 The Group would have very low levels of liquidity if the reasonable worst case downside scenario were to occur and Completion did not take place**

The Company is of the opinion that, after taking into account the expected net cash proceeds of the Disposal payable at Completion and the facilities available to the Continuing Group, the Continuing Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

In connection with the Disposal and as part of the Group's business planning process, the Board has closely monitored the Group's financial forecasts, key uncertainties and sensitivities. As part of this exercise, the Board has reviewed a number of scenarios, including both where the Disposal proceeds and where the Disposal does not proceed.

The Board's reasonable worst case downside scenario comprises: (i) the Company's business plan, sensitised for various downside scenarios to illustrate the impact of certain risks that may adversely impact the Continuing Group's liquidity headroom over the next 12 months from the date of publication of this document; offset by (ii) certain mitigating actions, including, but not limited to, a reduction in discretionary spending, that management would take to enhance the Group's liquidity position if required. The Company considers these mitigating actions to be within its control. The reasonable worst case downside scenario assumes that the Disposal takes place and therefore includes the expected net cash proceeds of the Disposal payable at Completion. Under this scenario, the Company is of the opinion that the Continuing Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

If the reasonable worst case downside scenario were to occur but the Disposal were not to proceed, the Company would have to operate with very low levels of liquidity headroom at certain points during the 12-month period covered by the working capital statement set out in Part 6 (*Additional Information*) of this document. Should the certain mitigating actions included within the reasonable worst case downside scenario not operate as intended, the Company may (without additional mitigating actions beyond those assumed in the reasonable worst case downside scenario) have insufficient liquidity at certain points during the 12-month period covered by the working capital statement set out in part 6 (*Additional Information*) of this document.

If the reasonable worst case downside scenario were to occur but the Disposal were not to proceed, the Company expects that it would take additional mitigating actions, in addition to those certain mitigating actions as outlined above and included in the reasonable worst case downside scenario, to improve liquidity levels. These additional mitigating actions include, but are not limited to, a disposal or disposals of other assets, raising new debt, further reducing discretionary spending, increasing cost efficiencies, further reducing capital expenditure, seeking extensions to existing debt facilities, and seeking other forms of funding. Other than a disposal or disposals of other assets, raising new debt, seeking extensions to existing debt facilities and seeking other forms of funding, the Company considers these mitigating actions to be within its control.

While the Company is confident in its ability to take these additional mitigating actions to improve liquidity if required, there are a number of challenges to their implementation. There can also be no assurance that they would be capable of implementation in a timely manner, nor that they would ultimately be successful in improving liquidity levels if they were implemented, having the potential to lead to the Company having insufficient levels of liquidity. The Company's ability to implement any such actions will be subject to constraints imposed by the need for participation, agreement and/or approval of third-party stakeholders to effect certain of these actions. The potential consequences expected by the Company if such insufficient liquidity were to occur are explained below.

The Company may have insufficient liquidity to meet its liabilities as they fall due if the reasonable worst case downside scenario were to occur, the Disposal were not to proceed and mitigating actions included in the reasonable worst case downside scenario, or additional mitigating actions outlined above, did not operate as intended.

In circumstances where the Company has insufficient liquidity to meet its liabilities as they fall due, which may also result in a breach of financial covenants contained in its financial documents, the relevant contract, loan or note documentation under which the Company has failed to meet its liabilities as they fall due, and/or under which it has breached financial covenants, creditors may demand the accelerated payment in full of the relevant amounts (principal, accrued interest and other fees) outstanding at the time of the breach and/or a cross-default in relation to each of the Group's other financing arrangements may occur. As at the date of this document, the Company's only financing arrangements are the facility under the RCF Agreement and the US PP Notes. The total outstanding balance and commitments under those financing arrangements is expected to be up to approximately £503m during the 12-month period covered by the working capital statement set out in Part 6 (*Additional Information*) of this document.

If an event of default were to occur in accordance with the terms of one or more of the Company's financing arrangements, the Company would not be able to draw under the RCF Agreement. The Company estimates that, if in the circumstances described above an event of default were to occur in accordance with the terms of one or more of the Company's financing

arrangements, either through non-payment and/or breach of financial covenants, and if the relevant creditor(s) were to demand the accelerated payment in full of the relevant amounts outstanding and a cross-default were to occur in relation to each of the Company's remaining financing arrangements, then the total amount that the Company would be required to pay is expected to be approximately £503m. The Company does not expect that it would have access to funds immediately available to repay such amounts at that time.

In such circumstances, the Company may take alternative measures, including a disposal of assets, a restructuring of its debts on a consensual basis or otherwise, raising new debt or seeking to secure other forms of funding or seeking to re-engage with creditors to obtain an amendment or waiver. Any of the above actions may also be taken in order to mitigate a liquidity shortfall and/or avoiding a breach of a financial covenant faced by the Company in such circumstances, alongside seeking additional liquidity through debt finance options. However, there is no guarantee that the aforementioned actions would succeed and, if they are not successful, the Company may be required to enter into liquidation or other insolvency proceedings. Shareholders would then be at risk of losing all or a substantial amount of their investment in such circumstances.

There can be no assurance that the reasonable worst case downside scenario will be avoided or that the Company's very low levels of liquidity headroom will be sufficient in circumstances where the Company's actual performance is below the reasonable worst case downside scenario projections, and, if it is not, there can be no assurance that the alternative actions outlined above would be capable of implementation in the time available nor that they would ultimately be successful. Accordingly, the Board believes that the successful completion of the Disposal is in the best interests of Shareholders as a whole.

## 2 RISKS RELATING TO THE DISPOSAL

### 2.1 Completion of the Disposal is conditional on the satisfaction of certain conditions

Completion of the Sale Agreement is subject to the satisfaction of the following conditions:

- (a) to the extent such approval is required by the Listing Rules, the approval (by ordinary resolution) of the Disposal by the Shareholders (the **Shareholder Condition**);
- (b) following submission of a notification to the Investment Security Unit in the Cabinet Office under the National Security & Investment Act 2021 (**NSIA**) in respect of the Disposal, a notification having been accepted and:
  - (i) the Secretary of State confirming before the end of the review period that no further action will be taken in relation to the Disposal under the NSIA; or
  - (ii) if the Secretary of State issues a call-in notice under the NSIA in relation to the Disposal (**Call-In Notice**), the Purchaser and the Seller receiving final confirmation that the Secretary of State will take no further action in relation to the Call-In Notice and the Disposal under the NSIA; or
  - (iii) the Secretary of State making a final order in relation to the Disposal (and, to the extent relevant, all conditions, provisions or obligations contained in such final order necessary for Completion having been satisfied or complied with or any restriction preventing Completion having been lifted or released),  
(the **NSIA Condition**).

There can be no assurance that these conditions will be satisfied and, accordingly, that Completion will take place. If Completion does not take place, any of the risks and uncertainties set out in section 3 of this Part 2 may adversely affect the Group's business, results of operations and financial condition.

## **2.2 Warranties and Indemnities in the Sale Agreement**

The Seller has given certain business and tax warranties as are customary for a transaction of this nature. The Seller has given customary fundamental warranties relating to title, capacity, authority and solvency matters. The Seller has given an indemnity in respect of a personal data incident relating to the Capita One Business identified on or around 26 April 2023. Indemnities in customary form have been given by the Seller in respect of leakage provisions and the tax covenant in the Sale Agreement. While due diligence has been undertaken and limitations of liability have been negotiated between the Seller and the Purchaser such that the Seller's liability (save in the case of fraud) is capped at £1 in respect of certain claims under the business and tax warranties and the tax covenant given by the Seller, the Seller retains liability in respect of claims relating to the personal data incident indemnity (with a maximum aggregate liability of £2 million) and the leakage indemnity (under which liability the Seller shall be liable for the full amount of any indemnified leakage and associated costs). Any liability to make a payment arising from a successful claim by the Purchaser under the indemnities referred to in this paragraph would reduce the expected net cash proceeds receivable by the Continuing Group from the Disposal and could have a material adverse effect on the financial condition of the Seller and the Continuing Group.

## **2.3 The Disposal may have a disruptive effect on key management and employees of the Capita One Business**

The Sale Agreement requires the Seller to continue operating the Capita One Business in the ordinary course until Completion. As a result of the announcement of the Disposal, key persons in management and/or operating functions may choose to leave the Capita One Business prior to Completion. If key management and employees decide to leave, the Capita One Business may encounter additional costs in recruiting and there is no guarantee that it will identify appropriate replacements.

## **3 RISKS RELATED TO THE DISPOSAL NOT PROCEEDING**

### **3.1 Inability to realise value if Completion does not take place**

The Disposal is subject to the Shareholder Condition and the NSIA Condition being satisfied. If Completion does not take place, the Continuing Group will not receive the net cash proceeds from the Disposal and consequently the transaction costs and other costs incurred by the Group in connection with the Disposal will not be offset by such proceeds. In addition, the market's perception of a failure to complete the Disposal could result in a negative impact on the price of the Shares.

The Company intends to use the net cash proceeds of the Disposal payable at Completion as additional cash resources to strengthen its financial position and further reduce indebtedness, as well as funding its transformation journey.

If Completion does not take place, the Continuing Group will not receive the net cash proceeds from the Disposal. This may require the Group to revisit its financial planning, which may impact the Group's ability to meet its strategic objectives and may require the Group to pursue alternative opportunities and/or take additional actions in order to enable it to do so.

### **3.2 There may be an adverse impact on the value of the Capita One Business if Completion does not take place**

The Board believes that the Disposal is in the best interests of the Shareholders taken as a whole and that the Disposal currently provides the best opportunity to realise an attractive and certain value for the Group's interest in the Capita One Business. If Completion does not take place, the realisable value of the Group's interest in the Capita One Business may be lower than can be realised by way of the Disposal.

This could result in the value of the Group's interest in the Capita One Business being materially different from the position it would be in if Completion had taken place. There is also no assurance that the Group would be able to dispose of its interest in the Capita One Business at a later date on the same or on improved terms to those contained in the Sale Agreement, or at all.

### **3.3 There may be an adverse impact on the Group's reputation if Completion does not take place**

If Completion does not take place, there may be an adverse impact on the reputation of the Group as a result of media scrutiny arising in connection with the attempted Disposal. Any such reputational risks may adversely affect the Group's business, results of operations and financial condition. Such reputational risks may also adversely impact future planned disposals.

## **4 RISKS RELATED TO THE CONTINUING GROUP**

### **4.1 The Continuing Group will be more dependent on its core business**

Following the Disposal, without the benefit of the revenues or profits of the Capita One Business consolidated with the Continuing Group, the Continuing Group's overall financial performance will depend more on the performance of each of its continuing operations and the success of its business strategy. In particular, any underperformance by any business or division within the Continuing Group may have a larger relative impact on the Continuing Group than would have been the case before the Disposal. Furthermore, the business of the Continuing Group will be less diversified and may be more susceptible to adverse economic changes.

### **4.2 The future success of the Continuing Group may be impacted if its business strategy is not successfully implemented**

The future success of the Continuing Group will depend on the successful implementation of its business strategy, including the successful execution of the Disposal, as part of that strategy. The implementation of this business strategy will be subject to certain risks and factors outside management's control, including changes in the markets in which the Continuing Group currently operates and in the global macroeconomic context, as well as transaction uncertainties relating to the planned future disposals.

Furthermore, the level of investment required to implement the Continuing Group's strategy may be greater than expected. In these scenarios, the Continuing Group may require additional funding or financing after the 12-month working capital period in order to implement such future strategy and management may be obliged to reevaluate the Continuing Group's business strategy.

In circumstances where the Continuing Group determines that it requires additional funding or financing after the 12-month working capital period, the Company expects that it would address this through actions which may include, but which are not limited to, a disposal or disposals of

other assets, raising new debt, further reducing discretionary spending, increasing cost efficiencies, further reducing capital expenditure, seeking extensions to existing debt facilities and seeking other forms of funding. Other than a disposal or disposals of other assets, raising new debt and seeking other forms of funding, the Company considers these mitigating actions to be within its control.

If the level of investment required to implement such strategy (after the 12-month working capital period) was greater than expected and the actions (described above) required to obtain additional funding or financing do not result in sufficient additional funding or financing being obtained, the Continuing Group would reevaluate its strategy. In this scenario, the Directors expect that the Continuing Group's strategy would need to change to reduce discretionary spending, increase cost efficiencies, and/or further reduce capital expenditure.

#### **4.3 The Continuing Group's ability to retain key employees may be impacted**

The success of the Continuing Group depends on the efforts, abilities, experience and expertise of its senior management team, and on recruiting, retaining, motivating and developing highly skilled and competent people across its divisions and at all levels of its business. There can be intense competition for personnel from other companies and organisations and there may at any time be shortages in the availability of appropriately skilled individuals at any or all levels. The reduction in size and diversification of the Continuing Group following the Disposal may make it more difficult to attract and retain talented employees, which may adversely affect the Continuing Group's business, results of operations, financial condition and reputation.

#### **4.4 The Continuing Group's businesses may be adversely affected by general economic, political and financial market conditions, including supply chain shortages and inflationary pressure**

Capita is dependent on the level of activity in its end markets. Accordingly, the Continuing Group may be susceptible to any deterioration in UK or market activity, economic downturn, the impact of Government policy, reduced Government or change in its procurement methodologies, increased interest rates, increasing inflationary pressure, exchange rate fluctuations, geo-political conditions, volatility and/or price increases in the UK or global energy market and volatility in world markets. In addition, shortages of materials and labour availability are causing significant inflation. The reduction in size and diversification of the Continuing Group following the Disposal may leave it more exposed to the above-mentioned factors which, should they materialise, may adversely affect the business, financial and operating performance of the Continuing Group.

#### **4.5 The market price of the Shares may fluctuate on the basis of market sentiment surrounding the Disposal and the perception of the Continuing Group**

The value of an investment in Capita may go down as well as up and could be subject to significant fluctuations. The price of the Shares will be influenced by a large number of factors, some specific to the Continuing Group and its operations and some which may affect the markets and segments in which the Continuing Group operates as a whole. The sentiment of the stock market regarding the Disposal is one such factor. The other factors that may affect the price of the Shares include fluctuations from national and global political, economic and financial conditions, market perception of the Continuing Group including variations in the Continuing Group's operating results, business developments of the Continuing Group and/or its competitors, the liquidity of the financial markets and legislative or regulatory changes in the markets and segments in which the Continuing Group operates. Any of these events could result in a decline in the market price of the Shares.

## PART 3

### SUMMARY OF THE TRANSACTION AGREEMENTS

LR 10.4.1(2)(a)

The following is a summary of the principal terms of the Transaction Agreements relating to the Disposal. The Transaction Agreements are available for inspection as described in Part 6 (*Additional Information*) of this document.

#### 1 SALE AGREEMENT

The Sale Agreement was entered into on 8 July 2024 between the Seller, the Purchaser and the Purchaser Guarantors to give effect to the Disposal. Pursuant to the Sale Agreement, the Seller shall sell the entire issued share capital of COL to the Purchaser, subject to the conditions described in paragraph 1.1 of this Part 3.

##### 1.1 Conditions precedent

Completion under the Sale Agreement is subject to the satisfaction of the following conditions:

- (a) the Shareholder Condition; and
- (b) the NSIA Condition.

##### 1.2 Consideration

LR 10.4.1(2)(c)

The cash consideration payable at Completion values COL at £200m on a cash-free, debt-free basis.

The gross cash proceeds from the Disposal receivable by the Continuing Group at Completion are expected to be approximately £207.0m. The net cash proceeds from the Disposal receivable by the Continuing Group at Completion are expected to be approximately £178.6m (after excluding Disposal proceeds of approximately £17.7m attributable to surplus cash in COL expected to be derecognised by the Continuing Group on Completion and after deduction of estimated costs and expenses of £10.7m associated with the Disposal). Due to ongoing discussions with advisers in connection with the Disposal, there is uncertainty around the transaction costs to be borne by the Continuing Group in respect of the Disposal. Transaction costs are expected to fall within a range of £10.7m and £16.0m. The estimated transaction costs of £10.7m represents the lower end of that range.

Prior to Completion, the Seller also expects to receive a cash dividend of £4.8m from COL.

##### 1.3 Deposit

On the date of the Sale Agreement, the Purchaser paid a deposit of £20,000,000 (the **Deposit**) to the Seller's solicitors to be held as stakeholder pending Completion or termination of the Sale Agreement. Subject to the Seller and the Purchaser entering into an escrow agreement with a third party escrow agent prior to Completion or termination of the Sale Agreement, the Deposit shall be transferred to such escrow agent to be held on the terms of such escrow agreement pending Completion or termination of the Sale Agreement.

At Completion, the Deposit will be released to the Seller and credited against the cash consideration payable by the Purchaser at Completion.

If the Sale Agreement were to terminate without Completion having occurred, the Deposit is required to be released and returned to the Purchaser unless such termination is a result of a breach by the Purchaser of its obligations under the Sale Agreement (in which case the Deposit shall be released to, and retained by, the Seller).

#### **1.4 Guarantee**

The Sale Agreement includes a joint and several guarantee by each of the Purchaser Guarantors (being members of the Purchaser's Group) in favour of the Seller guaranteeing the due and punctual observance and performance by the Purchaser of its obligations under the Sale Agreement.

#### **1.5 Pre-Completion obligations**

The Seller has given certain customary undertakings in relation to the period between signing of the Sale Agreement and Completion, including an undertaking to procure that COL carries on its business in the ordinary course until Completion.

#### **1.6 Non-compete and non-solicitation of employees**

The Seller has undertaken to the Purchaser that it shall not, and shall procure that no member of the Continuing Group shall, amongst other things, for a period of 12 months after Completion and within the United Kingdom: (a) carry on, provide or be engaged in any business which is of the same or similar type to the business of the Capita One Business; and (b) solicit, or procure or assist any third party to solicit, the employment or engagement of any employee of the Capita One Business with a gross annual remuneration in excess of £75,000. The Sale Agreement includes a number of customary and transaction-specific exclusions the purpose of which is to preserve the Group's ability to continue to (among other things) carry out its existing businesses, hold investments and tender for contracts.

#### **1.7 Warranties and indemnities**

The Seller has given business and tax warranties as are customary for a transaction of this nature. The Seller has given customary fundamental warranties relating to title, capacity, authority and solvency matters. The Purchaser has also given customary purchaser warranties relating to capacity, authority, financing, sanctions and solvency matters in favour of the Seller under the Sale Agreement.

Subject to certain exceptions and an aggregate liability limit of £2 million, the Seller has indemnified the Purchaser and the Purchaser's Group against any losses incurred or suffered by the Purchaser or COL as a direct result of the personal data incident relating to the Capita One Business identified on or around 26 April 2023. Indemnities in typical form are also provided by the Seller in respect of the leakage provisions and the tax covenant.

The Purchaser has indemnified the Continuing Group for losses incurred by the Continuing Group arising from any parent company guarantee identified in the Sale Agreement and that remains in place following Completion. The Purchaser has also indemnified the Continuing Group from any loss incurred, borne and/or made by the relevant Continuing Group entity arising from any guarantee, surety, indemnity, mortgage, charge or other security which the Purchaser becomes aware of following the Completion Date.

## **1.8 Limitations on liabilities**

Save in the case of fraud, the maximum aggregate liability of the Seller for all claims relating to a breach of the warranties and tax covenant claims under the Sale Agreement shall not exceed £1.

Subject to certain exceptions, the maximum aggregate liability of the Seller for all claims relating to the personal data incident indemnity referred to above shall not exceed £2 million. In addition, the maximum aggregate liability of the Seller for all claims under the Sale Agreement shall not exceed £203,148,000 (other than in respect of the leakage indemnity, under which the Seller shall be liable for all indemnified leakage, including associated costs).

## **1.9 Governing law and jurisdiction**

The Sale Agreement is governed by English law. The courts of England and Wales will have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Sale Agreement.

# **2 TRANSITIONAL SERVICES AGREEMENT**

## **2.1 Scope**

The TSA will be entered into at Completion between CSSL, COL and the Purchaser to govern the separation and transition of the Capita One Business from the Continuing Group.

Pursuant to the TSA, CSSL will provide (or procure the provision of) certain transitional services, including in relation to finance, group and expense systems, HR, payroll and IT (the **TSA Services**) to COL on the terms of the TSA, and the parties will co-operate to achieve separation of the Capita One Business from the Continuing Group and migration of the Capita One Business from the TSA Services.

## **2.2 Charges for the services**

The TSA Services will be chargeable, except for a small number of services which will be provided without any cost to COL. The charges will be payable on a monthly basis and depending on the TSA Services they will be calculated based on the cost to CSSL of providing the service or at a specified rate for each employee of the Capita One Business receiving the benefit of the service. The charges applicable to each service type and the method for calculating the cost-based charges are set out in the TSA.

## **2.3 Third party consents**

CSSL will pay for any fees, costs or increased charges imposed by any third-party supplier whose consent is needed for an activity or service that is necessary for the provision of a TSA Service to COL and COL shall promptly reimburse CSSL for the amount of such payments as part of the service charges, where not already provided for within those charges, in full where related to extensions or omitted services and otherwise on a 50 per cent. shared basis.

## **2.4 Limitations on liabilities**

Both parties' aggregate liability under the TSA will be limited to 125 per cent. of all service charges paid or payable during the term, save for a mutual indemnity against claims for employee liabilities relating to a TUPE transfer of certain staff in Poland which is capped at £1m. COL's liability under the indemnities for claims by third parties or for its failure to comply

with IT system requirements are capped at the lower of 400 per cent. of fees or £1m. Claims by COL and the Purchaser are time barred after 24 months from the end of the term.

## **2.5Term and termination**

Provision of the TSA Services will commence from Completion, and each TSA Service has a service term of up to 12 months. The service terms are set out in a schedule to the TSA. COL may request up to six months extension to the original terms, subject to CSSL being able to procure such extended services.

COL may terminate any TSA Service before the end of the applicable service term, provided that the TSA Service to be terminated is separable from any other TSA Service that COL wishes to continue having provided to it, and subject to giving the notice required pursuant to the schedule of the TSA. Each of COL and CSSL may terminate the TSA immediately on written notice in the event of an insolvency event or a material breach of the TSA which is irremediable or which, in the case of a remediable material breach, has not been remedied within 30 days of written notice.

CSSL may suspend one or more of the TSA Services where COL fails to pay any sum due under the TSA. Non-payment gives rise to a right for CSSL to terminate the TSA if the failure to pay is not remedied within ten business days of notice.

## **2.6Governing law and jurisdiction**

The TSA will be governed by English law and the courts of England and Wales will have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the TSA.



## PART 4

### HISTORICAL FINANCIAL INFORMATION ON THE CAPITA ONE BUSINESS

LR 13.5.6  
LR 13.5.7(3)(a)  
LR 13.5.7(2)  
LR 13.5.7(1)  
LR 13.5.30B(2)

The following historical financial information relating to the Capita One Business has been extracted without material adjustments from the consolidation schedules that underlie the Company's audited consolidated financial statements for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 subject to the notes referred to within the tables.

The financial information contained in this Part 4 does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 and has not been audited. LR 13.5.8(2)

The independent auditor's reports of the Company for the years ended 31 December 2023 and 31 December 2022: (i) were unqualified; (ii) did not include a reference of any matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The independent auditor's report of the Company for the year ended 31 December 2021: (i) was unqualified; (ii) contained a material uncertainty in respect of going concern to which the auditor drew attention by way of emphasis without modifying their report; and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Shareholders should read the whole of this document and not rely solely on the summarised financial information in this Part 4. LR 13.5.11

#### 1 Income statement

LR 10.4.1(2)(e)  
LR  
13.5.30B(1)(b)

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021
<i>(£m)</i>			
<b>Revenue</b>	54.6	54.1	51.0
Cost of sales	(31.9)	(28.4)	(21.6)
<b>Gross profit</b>	<b>22.8</b>	<b>25.6</b>	<b>29.4</b>
Administrative expenses	(4.1)	(7.0)	(8.2)
<b>Operating profit</b>	<b>18.7</b>	<b>18.7</b>	<b>21.2</b>
Net finance costs	-	-	-
<b>Profit before tax</b>	<b>18.7</b>	<b>18.7</b>	<b>21.2</b>
Income tax charge <sup>(1)</sup>	(4.4)	(3.5)	(4.0)
<b>Profit for the year</b>	<b>14.3</b>	<b>15.1</b>	<b>17.2</b>

Notes:

(1) Tax on the profit for the periods comprise current corporation tax. Current tax is the expected tax payable on the taxable income for the year, using the UK statutory corporation tax rate (19 per cent. up to the end of March 2023, and 25 per cent. thereafter), and any adjustment to tax payable in respect of previous years.

## 2 Balance sheet

	As at 31 December 2023	LR 10.4.1(2)(d) LR 13.5.30B(1)(a)
<b>(£m)</b>		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment .....	-	
Intangible assets .....	11.5	
Goodwill .....	47.0	
Right-of-use assets .....	-	
Investments in associates .....	-	
Contract fulfilment assets .....	5.0	
Financial assets .....	-	
Deferred tax assets .....	1.1	
Employee benefits .....	-	
Trade and other receivables .....	-	
	<b>64.6</b>	
<b>Current assets</b>		
Financial assets .....	-	
Income tax receivable .....	-	
Disposal group assets held-for-sale .....	-	
Trade and other receivables .....	2.5	
Cash .....	-	
	<b>2.5</b>	
<b>TOTAL ASSETS</b>	<b>67.1</b>	
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Overdrafts .....	-	
Trade and other payables .....	3.3	
Disposal group liabilities held-for-sale .....	-	
Income tax payable <sup>(1)</sup> .....	4.4	
Deferred income .....	22.9	
Lease liabilities .....	-	
Financial liabilities .....	-	
Provisions .....	0.4	
	<b>31.0</b>	
<b>Non-current liabilities</b>		
Trade and other payables .....	-	
Deferred income .....	-	
Lease liabilities .....	-	
Financial liabilities .....	-	
Deferred tax liabilities .....	-	
Provisions .....	-	
Employee benefits .....	-	
	<b>31.0</b>	
<b>TOTAL LIABILITIES</b>	<b>31.0</b>	
<b>NET ASSETS (LIABILITIES)</b>	<b>36.1</b>	

Notes:

(1) Income tax payable at each period end relates to the corporation tax due for the period, equal to the corporation tax charge accrued in the income statement for the relevant period, as set out in section 1 of this Part 4.

## PART 5

### UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

The unaudited pro forma statement of net assets set out below has been prepared to illustrate the impact of the Disposal on the net assets of the Group as if the Disposal had taken place on 31 December 2023. The unaudited pro forma statement of net assets has been prepared on the basis of, and should be read in conjunction with, the notes set out below.

The unaudited pro forma statement of net assets of the Group is based on the consolidated net assets of the Group as at 31 December 2023 and has been prepared on the basis that Disposal was effective as of 31 December 2023 and in a manner consistent with the accounting policies adopted in the Company's financial statements for the year ended 31 December 2023.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and by its nature addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results, nor is it indicative of the results that may, or may not, be expected to be achieved in the future. The pro forma statement of net assets has been prepared for illustrative purposes only in accordance with Annex 20 of Commission Delegated Regulation (EU 2019/980) as it forms part of domestic law by virtue of section 3 of the European Union (Withdrawal) Act 2018 (as amended).

The unaudited pro forma statement of net assets does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

The unaudited pro forma financial information does not take into account trading of the Group subsequent to the period end balance sheet of 31 December 2023.

Shareholders should read the whole of this document and not rely solely on the summarised financial information in this Part 5.

KPMG's accountant's report on the unaudited pro forma statement of net assets is set out in section B of this Part 5.

PR Annex  
20 Rule 1.1  
PR Annex  
20 Rule 2.1  
PR Annex  
20 Rule 2.2  
LR  
10.4.1(2)(f)  
LR 13.5.6  
LR 13.5.7(1)  
LR  
13.5.7(3)(c)  
LR 13.5.8(2)  
LR 13.5.8(1)

LR 13.5.11



**SECTION A: UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE  
CONTINUING GROUP AS AT 31 DECEMBER 2023**

PR Annex 20  
Rule 2.3

(£m)	Group as at 31 December 2023	Other Group disposals	Removal of net assets of the Capita One Business	The Capita One Business disposal proceeds	Adjustment for intercompa- ny eliminations	Deferred tax release	LR 13.5.7(2)						
							Note 7						
<b>ASSETS</b>													
<b>Non-current assets</b>													
Property, plant and equipment .....	80.0	-	-	-	-	-	80.0						
Intangible assets .....	90.0	-	(11.5)	-	-	-	78.5						
Goodwill .....	495.7	-	(47.0)	-	-	-	448.7						
Right-of-use assets .....	208.5	(31.3)	-	-	-	-	177.2						
Investments in associates .....	0.2	-	-	-	-	-	0.2						
Contract fulfilment assets .....	257.0	-	(5.0)	-	-	-	252.0						
Financial assets .....	97.2	31.3	-	-	-	-	128.5						
Deferred tax assets .....	140.3	-	(1.1)	-	-	(23.3)	115.9						
Employee benefits .....	32.7	-	-	-	-	-	32.7						
Trade and other receivables .....	12.3	-	-	-	-	-	12.3						
	<b>1,413.9</b>	-	<b>(64.6)</b>	-	-	<b>(23.3)</b>	<b>1,326.0</b>						
<b>Current assets</b>													
Financial assets .....	28.1	-	-	-	-	-	28.1						
Income tax receivable .....	11.6	-	-	-	-	-	11.6						
Disposal group assets held-for-sale ...	38.1	(38.1)	-	-	-	-	-						
Trade and other receivables .....	350.7	-	(2.5)	-	0.1	-	348.3						
Cash .....	155.4	57.8	-	178.6	-	-	391.8						
	<b>583.9</b>	<b>19.7</b>	<b>(2.5)</b>	<b>178.6</b>	<b>0.1</b>	-	<b>779.8</b>						
<b>TOTAL ASSETS</b>	<b>1,997.8</b>	<b>19.7</b>	<b>(67.1)</b>	<b>178.6</b>	<b>0.1</b>	<b>(23.3)</b>	<b>2,105.8</b>						
<b>LIABILITIES</b>													
<b>Current liabilities</b>													
Overdrafts .....	95.0	-	-	-	-	-	95.0						
Trade and other payables .....	425.9	-	(3.3)	-	1.2	-	423.8						
Disposal group liabilities held-for-sale	9.7	(9.7)	-	-	-	-	-						
Income tax payable .....	1.3	-	-	-	-	-	1.3						
Deferred income .....	501.3	-	(22.9)	-	-	-	478.4						
Lease liabilities .....	51.1	-	-	-	-	-	51.1						
Financial liabilities .....	10.8	-	-	-	-	-	10.8						
Provisions .....	101.6	(3.8)	(0.4)	-	-	-	97.4						
	<b>1,196.7</b>	<b>(13.5)</b>	<b>(26.6)</b>	-	<b>1.2</b>	-	<b>1,157.8</b>						
<b>Non-current liabilities</b>													
Trade and other payables .....	8.5	-	-	-	-	-	8.5						
Deferred income .....	36.2	-	-	-	-	-	36.2						
Lease liabilities .....	312.3	-	-	-	-	-	312.3						
Financial liabilities .....	267.5	-	-	-	-	-	267.5						
Deferred tax liabilities .....	7.2	-	-	-	-	-	7.2						
Provisions .....	48.6	1.2	-	-	-	-	49.8						
Employee benefits .....	5.9	-	-	-	-	-	5.9						
	<b>686.2</b>	<b>1.2</b>	-	-	-	-	<b>687.4</b>						
<b>TOTAL LIABILITIES</b>	<b>1,882.9</b>	<b>(12.3)</b>	<b>(26.6)</b>	-	<b>1.2</b>	-	<b>1,845.2</b>						
<b>NET ASSETS/(LIABILITIES)</b>	<b>114.9</b>	<b>32.0</b>	<b>(40.5)</b>	<b>178.6</b>	<b>(1.1)</b>	<b>(23.3)</b>	<b>260.6</b>						

Notes:

(1) The information in this column has been extracted without adjustment from the Company's consolidated audited financial statements for the year ended 31 December 2023, which have been incorporated by reference as described in Part 7 of this document.

(2) The disposal of the Company's 75 per cent. stake in Fera Science Limited (**Fera**) completed on 17 January 2024. Although not the subject of this document, this adjustment has been made to reflect the current net assets of the Group. The adjustment:

- (a) reflects the removal of net assets in respect of Fera as at 31 December 2023 (£28.4m). Such information has been extracted without material adjustment from the consolidation schedules of the Group;
- (b) reflects disposal proceeds of £61.9m received by the Group on completion of the disposal, net of transaction costs. Total expected transaction costs are £8.8m. £3.5m of these costs had been incurred and cash settled as of 31 December 2023, with £3.8m accrued for and presented in current provisions as at 31 December 2023. A further £1.5m has been recognised in 2024, with £0.3m shown in the pro forma as being cash settled, and £1.2m as an increase in non-current provisions as it will be settled in 2025 and beyond; and
- (c) following the disposal of Fera, a property leased by the Group and part occupied by Fera is no longer used by the Group. The right-of-use asset relating to part of the leased property used by, and sub-leased to Fera (£31.3m as at 31 December 2023), was transferred to lease receivables on completion of the Fera disposal in January 2024.

(3) This adjustment removes the net assets of the Capita One Business as at 31 December 2023 and has been extracted without material adjustment from Part 4 (*Historical Financial Information on the Capita One Business*) of this document. No pro forma adjustment has been made in respect of the £4.4m income tax payable position of the Capita One Business as at 31 December 2023, as the Disposal is not expected to impact the Group's income tax receivable or income tax payable position.

(4) Gross proceeds to be received on Completion (which, subject to the conditions to Completion being satisfied, is expected to occur on or around 30 August 2024) are expected to be £207.0m. In Part 4 (*Historical Financial Information on the Capita One Business*), no cash has been attributed to the Capita One Business at 31 December 2023, as at that point it formed part of CBSL with no segregated banking facilities. This pro forma adjustment reflects illustrative disposal proceeds receivable by the Continuing Group at Completion of £189.3m (which amount excludes disposal proceeds of approximately £17.7m attributable to surplus cash in COL expected to be derecognised by the Continuing Group on Completion) less estimated transaction costs of £10.7m borne by the Continuing Group. None of these costs had been incurred or provided for as of 31 December 2023. Due to ongoing discussions with advisers in connection with the Disposal, there is uncertainty around the transaction costs to be borne by the Continuing Group. Transaction costs are expected to fall within a range of £10.7m and £16.0m. The estimated transaction costs of £10.7m presented in the adjustment above represents the lower end of that range.

(5) Reflects an adjustment to eliminate intercompany balances between the Capita One Business and the Continuing Group.

(6) Reflects the expected release of deferred tax asset positions after Completion.

(7) The pro forma net assets and liabilities statement has been prepared in a manner consistent with the accounting policies adopted in the Company's financial statements for the year ended 31 December 2023.



**SECTION B: ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA  
STATEMENT OF NET ASSETS OF THE CONTINUING GROUP AS AT 31 DECEMBER  
2023**

PR Annex 20  
Rule 3



**KPMG LLP**  
**Advisory**  
15 Canada Square  
London E14 5GL  
United Kingdom

Tel +44 (0) 20 7311 1000  
Fax +44 (0) 20 7311 3311

The Directors  
Capita plc  
65 Gresham Street  
London  
EC2V 7NQ  
United Kingdom

10 July 2024

Ladies and Gentlemen

**Capita plc**

We report on the pro forma financial information (the 'Pro forma financial information') set out in section A of Part 5 of the Class 1 circular dated 10 July 2024 (the 'Circular'). This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority and is given for the purpose of complying with that paragraph and for no other purpose.

**Opinion**

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Capita plc.

**Responsibilities**

It is the responsibility of the directors of Capita plc to prepare the Pro forma financial information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority.

It is our responsibility to form an opinion, as required by section 3 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders as a result of the inclusion of this report in the Class 1 circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Class 1 circular.

### **Basis of Preparation**

The pro forma financial information has been prepared on the basis described in section A of Part 5 of the Circular, for illustrative purposes only, to provide information about how the Class 1 disposal of the Capita One Business (as defined in the Circular) might have affected the financial information presented on the basis of the accounting policies adopted by Capita plc in preparing the financial statements for the period ended 31 December 2023.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom (the 'FRC'). We are independent, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements of the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of Capita plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Capita plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Yours faithfully  
KPMG LLP



## PART 6

### ADDITIONAL INFORMATION

#### **1 RESPONSIBILITY**

LR 13.4.1(4)

The Company and the Directors, whose names are set out in section 3 of this Part 6 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### **2 COMPANY**

The Company was incorporated and registered in England and Wales on 8 December 1986, as a private company limited by shares under the Companies Act 1985 and with registered number 02081330. The Company was re-registered on 12 April 1989, as a public company limited by shares. The Company's shares were admitted to trading on the main market of the London Stock Exchange in 1991 under the symbol "CPI".

Its legal entity identifier is CMIGEWPLHL4M7ZV0IZ88.

The registered office of the Company is 65 Gresham Street, London EC2V 7NQ, United Kingdom and its telephone number is 020 7799 1525.

The Company's website is [www.Capita.com](http://www.Capita.com). The information on the website does not form part of this document unless that information is incorporated by reference into this document.

#### **3 DIRECTORS**

The Directors and their principal functions are as follows:

- David Lowden - Chair
- Adolfo Hernandez - Chief Executive Officer
- Tim Weller - Chief Financial Officer
- Georgina Harvey - Senior Independent Director
- Brian McArthur-Muscroft - Independent Non-Executive Director
- Nneka Abulokwe OBE - Independent Non-Executive Director
- Neelam Dhawan - Independent Non-Executive Director

#### **4 DIRECTORS' AND SENIOR MANAGERS' SHAREHOLDINGS AND SHARE INTERESTS**

PR Annex 1  
item 15.2

##### **4.1 Shares**

As at the Latest Practicable Date, the interests of the Directors and senior managers in the share capital of the Company were as follows:

Director	Number of beneficially held Shares
David Lowden .....	500,000
Adolfo Hernandez.....	650,000
Tim Weller .....	824,438
Georgina Harvey .....	6,000
Nneka Abulokwe OBE .....	74,234
Neelam Dhawan .....	0
Brian McArthur Muscroft .....	0
Claire Denton .....	768,812
Nicole Dorskind .....	20,104
Scott Hill .....	408,568
Richard Holroyd .....	158,314
Corinne Ripoche .....	106,695
Manpreet Singh .....	0
Xenia Walters .....	0

These interests include Shares held beneficially under the Capita Share Ownership Plan.

#### 4.2 Share interests

As at the Latest Practicable Date, the following options and awards to acquire Shares had been granted and remained outstanding under the Buy-Out Award and CEP (including DAB and RSA awards under the CEP):

Director	Date of grant	Plan (award type)	Number of Shares over which option/ award granted	Exercise price	Vesting date or period	Exercise period from vesting
David Lowden .....	—	—	—	—	—	—
Adolfo Hernandez <sup>(1)(2)</sup> .....	19 March 2024	Buy-Out Award	2,509,709	Nil	15 July 2024	N/A
	19 March 2024	Buy-Out Award	2,497,467	Nil	15 January 2025	N/A
	19 March 2024	Buy-Out Award	1,897,585	Nil	15 July 2026	N/A
	19 March 2024	Buy-Out Award	1,885,343	Nil	15 January 2026	N/A
	19 March 2024	Buy-Out Award	3,256,501	Nil	15 July 2026	N/A
	10 May 2024	CEP (RSA)	6,433,823	Nil	3 years	39 months
Tim Weller <sup>(2)</sup> .....	25 March 2022	CEP (DAB)	327,276	Nil	3 years	12 months
	4 April 2022	CEP (RSA)	2,537,008	Nil	3 years	39 months
	10 March 2023	CEP (RSA)	1,333,300	Nil	3 years	39 months
	5 April 2023	CEP (DAB)	765,777	Nil	3 years	12 months
Georgina Harvey .....	—	—	—	—	—	—
Nneka Abulokwe OBE .....	—	—	—	—	—	—
Neelam Dhawan .....	—	—	—	—	—	—
Brian McArthur-Muscroft	—	—	—	—	—	—

Senior Manager	Date of grant	Plan (award type)	Number of Shares over which option/ award granted	Exercise price	Vesting period	Exercise period from vesting
Claire Denton <sup>(3)</sup> .....	4 April 2022	CEP (RSA)	428,654	Nil	3 years	12 months
	10 March 2023	CEP (RSA)	450,550	Nil	3 years	12 months
	10 May 2024	CEP (RSA)	2,031,250	Nil	3 years	12 months
Nicole Dorskind <sup>(3)</sup> .....	10 March 2023	CEP (RSA)	76,002	Nil	3 years	12 months
	10 May 2024	CEP (RSA)	1,194,852	Nil	3 years	12 months
Scott Hill <sup>(3)</sup> .....	4 April 2022	CEP (RSA)	290,942	Nil	3 years	12 months
	10 March 2023	CEP (RSA)	305,803	Nil	3 years	12 months
	10 May 2024	CEP (RSA)	2,031,250	Nil	3 years	12 months

Richard Holroyd <sup>(3)</sup> .....	12 May 2021	CEP (RSA)	46,873	Nil	3 years	12 months
	4 April 2022	CEP (RSA)	188,705	Nil	3 years	12 months
	10 March 2023	CEP (RSA)	138,840	Nil	3 years	12 months
	10 May 2024	CEP (RSA)	1,819,852	Nil	3 years	12 months
Corinne Ripoche <sup>(3)</sup> .....	31 October 2022	CEP (RSA)	482,253	Nil	12 months	12 months
	10 March 2023	CEP (RSA)	825,667	Nil	3 years	12 months
	10 May 2024	CEP (RSA)	2,481,617	Nil	3 years	12 months
Manpreet Singh <sup>(3)(4)</sup> .....	4 April 2022	CEP (RSA)	245,490	Nil	3 years	N/A
	10 March 2023	CEP (RSA)	257,904	Nil	3 years	N/A
	10 May 2024	CEP (RSA)	1,107,132	Nil	3 years	N/A
Xenia Walters <sup>(3)</sup> .....	10 May 2024	CEP (RSA)	2,125,000	Nil	3 years	12 months

(1) The Buy-Out Award was granted to Adolfo Hernandez pursuant to Listing Rule 9.4.2(2). The Buy-Out Award may not be settled with a new issue of shares or treasury shares. The purpose of the Buy-Out Award was to compensate Adolfo Hernandez for the forfeiture of incentive arrangements held with his previous employer, Amazon Web Services.

(2) CEP (RSA) awards are subject to a further holding period of three years after the vesting date.

(3) CEP (RSA) awards granted to senior managers in 2021, 2022, 2023 and 2024 vest annually, in equal tranches, over the three-year period. The exercise period applies to each tranche from that tranche's vesting date.

(4) The awards granted to Manpreet Singh represent nil cost options over notional Capita ordinary shares.

## 5 DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

LR 10.4.1(2)(g)  
PR Annex 1  
item 14.2

Save for the service contracts described below, there are no existing or proposed service contracts between any Director or proposed director of the Company and the Company and its subsidiary undertakings.

### Executive Directors

The Company has entered into service agreements with each of the following Executive Directors, the particulars of which as at the Latest Practicable Date are:

Name	Date of Appointment / Proposed Appointment	Notice Period
Adolfo Hernandez.....	17 January 2024	12 months
Tim Weller .....	12 May 2021	12 months
Pablo Andres	15 July 2024	12 months

#### **Adolfo Hernandez**

Adolfo is employed as Chief Executive Officer under a service agreement with the Company which took effect on 17 January 2024. He is entitled to a base salary of £700,000 per annum.

Adolfo is not enrolled in the Company's pension scheme, but instead receives a cash allowance equal to five per cent. of his base salary. He is also entitled to receive a car allowance and benefits in kind, principally private health insurance (for himself and his dependants), life insurance and company sick pay. In addition, Adolfo is entitled to 27 days' paid holiday (in addition to public and statutory holidays in England and Wales). The Company will reimburse Adolfo for reasonable expenses properly incurred by him in performing his duties.

Adolfo's service agreement is terminable by either party giving 12 months' written notice. Alternatively, the Company may terminate Adolfo's employment by making a payment in lieu of notice of a sum equal to his base salary in respect of any unexpired period of notice. The Company may pay such payment in lieu of notice in equal monthly instalments. Adolfo's service agreement contains business protection provisions, including intellectual property, confidentiality undertakings and garden leave.

Adolfo is eligible to participate in the annual performance related bonus plan with a maximum bonus opportunity of 200 per cent. of his salary earned during the year, half of which will be paid in cash and half in shares deferred for three years. In addition, he is eligible to participate

in the CEP and receive awards of restricted shares with a maximum annual limit of 125 per cent. of his salary earned during the year. Subject to the Company's directors' remuneration policy, he may also be considered for an award under other incentive plans operated by the Company from time to time.

***Tim Weller***

Tim is employed as Chief Financial Officer under a service agreement with the Company which took effect on 12 May 2021, and he joined the Board on this date. He is entitled to a base salary of £545,000 per annum, which has not been increased since appointment but is subject to review from time to time.

Tim is not enrolled in the Company's pension scheme, but instead receives a cash allowance equal to five per cent. of the base salary. He is also entitled to receive a car allowance and benefits in kind, principally private health insurance (for himself and his dependants), life insurance and company sick pay. In addition, Tim is entitled to 27 days' paid holiday (in addition to public and statutory holidays in England and Wales). The Company will reimburse Tim for reasonable expenses properly incurred by him in performing his duties.

Tim's service agreement is terminable by either party giving 12 months' written notice. Alternatively, the Company may terminate Tim's employment by making a payment in lieu of notice of a sum equal to base salary in respect of any unexpired period of notice. The Company may pay such payment in lieu of notice in equal monthly instalments. Tim's service agreement contains business protection provisions, including intellectual property, confidentiality undertakings and garden leave.

Tim is eligible to participate in the annual performance related bonus plan with a maximum bonus opportunity of 175 per cent. of his salary earned during the year, half of which will be paid in cash and half in shares deferred for three years. In addition, he is eligible to participate in the CEP and receive awards of restricted shares with a maximum annual limit of 100 per cent. of his salary earned during the year. For the 2023 performance year, Tim did not receive any payment in relation to the bonus plan. Subject to the Company's directors' remuneration policy, he may also be considered for an award under other incentive plans operated by the Company from time to time.

As announced by the Company on 2 May 2024 and 13 May 2024, Tim will retire as a director and Chief Financial Officer of the Company on 9 August 2024. Following his retirement from the Board, Tim will continue to receive his salary and all other contractual benefits for the duration of his notice period, which ends on 2 May 2025.

Tim will be eligible to receive an annual bonus in respect of the year ending 31 December 2024 of up to 175 per cent. of his basic salary, pro-rated until 9 August 2024. Any bonus award will be subject to the Remuneration Committee's assessment of the performance targets, payable at the normal payment date and with 50 per cent. of any award deferred as shares as per the Company's normal deferral policy.

For 24 months following 2 May 2025, Tim will be required to retain the lower of (i) the Company's shares equal to 200 per cent. of his base salary; or (ii) the amount of shares in the Company Tim holds, as at 9 August 2024.

***Pablo Andres***

Pablo will be employed under a service agreement with the Company dated 1 May 2024. Pablo will be appointed as a director and as Chief Financial Officer designate of the Company on 15

July 2024. Pablo will succeed Tim Weller as Chief Financial Officer on 9 August 2024, the date of Tim's retirement as a director and Chief Financial Officer of the Company. Pablo will be entitled to a base salary of £450,000 per annum.

Pablo will be enrolled in the Company's money purchase pension scheme. He may elect to opt-out of the Company's pension scheme and instead receive a cash allowance equal to five per cent. of his base salary.

Pablo will also be entitled to benefits in kind, principally private health insurance (for himself and his dependants), life insurance and company sick pay. In addition, Pablo will be entitled to 27 days' paid holiday (in addition to public and statutory holidays in England and Wales). The Company will reimburse Pablo for reasonable expenses properly incurred by him in performing his duties.

Pablo's service agreement will be terminable by either party giving 12 months' written notice. Alternatively, the Company may terminate Pablo's employment by making a payment in lieu of notice of a sum equal to base salary in respect of any unexpired period of notice. The Company may pay such payment in lieu of notice in equal monthly instalments. Pablo's service agreement contains business protection provisions, including intellectual property, confidentiality undertakings and garden leave.

Pablo is eligible to participate in the annual performance related bonus plan with a maximum bonus opportunity of 175 per cent. of his salary earned during the year, half of which will be paid in cash and half in shares deferred for three years. In addition, he is eligible to participate in the CEP and receive awards of restricted shares with a maximum annual limit of 100 per cent. of his salary earned during the year. Subject to the Company's directors' remuneration policy, he may also be considered for an award under other incentive plans operated by the Company from time to time.

### **Non-Executive Directors**

The following Directors are appointed as Non-Executive Directors of the Company under letters of appointment, the particulars of which as at the Latest Practicable Date are:

<b>Name</b>	<b>Date of Appointment</b>	<b>Expiry of current term</b>
David Lowden .....	10 May 2022 (as Chair)	9 May 2025
Georgina Harvey .....	1 October 2019 (as Director) and 1 July 2022 (as Senior Independent Director)	1 July 2025
Nneka Abulokwe OBE .....	1 February 2022	31 January 2025
Neelam Dhawan .....	1 March 2021 (renewed from 1 March 2024 for a further three year term)	28 February 2027
Brian McArthur-Muscroft .....	1 June 2022	31 May 2025

The appointment of each of the Non-Executive Directors is or was for an initial period of three years, after which time their appointments may be renewed. The Non-Executive Directors are subject to annual re-election by the Company at its annual general meeting.

David Lowden, who was appointed as Chair with effect from the conclusion of the Company's annual general meeting on 10 May 2022, is entitled to an annual fee of £290,000.

The Senior Independent Director is entitled to an annual fee of £75,000. The remaining Non-Executive Directors are entitled to an annual fee of £64,500. The chairpersons of the Audit and Risk Committee and Remuneration Committee are entitled to an additional fee of £10,500 per annum. The chairperson of the ESG Committee is entitled to an additional fee of £10,500 per annum and is the designated director for employee engagement.

The Company will reimburse each Non-Executive Director for reasonable expenses properly incurred by them in performing their duties and has customary directors' and officers' insurance in place in respect of each Non-Executive Director. The Non-Executive Directors are each subject to confidentiality undertakings.

The appointment of the Non-Executive Directors may be terminated by them or by the Company at any time upon three months' written notice. Their appointment may also be terminated in accordance with the provisions of the articles of association of the Company. The Non-Executive Directors are not entitled to receive any compensation on termination of their appointments (save for notice, where due).

## 6 KEY INDIVIDUALS

LR 10.4.1(2)(j)

The following individuals are deemed to be key individuals to the Capita One Business:

Name	Position
Jon Peart	Managing Director
Stuart Cheetham	Finance Director
Dave Smedley	Sales Director
Paul Millard	Sector Director - One Revenues & Benefits, One Digital and One EDMS
James Allard	Sector Director – One Education
Gavin Chamberlain	Sector Director - One Housing

Each of the above individuals will be joining the Purchaser's Group on Completion.

## 7 MAJOR SHAREHOLDERS

PR Annex 1  
item 16.1

As at the Latest Practicable Date, the Company had been notified of the following holdings in the Company's issued ordinary share capital (exclusive of treasury shares) pursuant to DTR 5 (each, a **Notifiable Interest**):

Shareholder	Number of shares direct	Number of shares indirect	Number of shares (total)	Number of voting rights	Percentage of voting rights
Schroders plc .....	-	323,187,162	323,187,162	323,187,162	18.99
RWC Asset Management LLP .....	254,578,484	-	254,578,484	254,578,484	14.96
Marathon Asset Management Limited .....	81,375,445	-	81,375,445	81,375,445	4.78

Save as set out above, the Company is not aware of any other Notifiable Interests.

## 8 RELATED PARTY TRANSACTIONS

PR Annex 1  
item 17

Details of related party transactions (which for these purposes are those set out in UK-adopted international accounting standards) that the Company has entered into are set out below:

- (a) for the financial year ended 31 December 2021, those transactions disclosed in note 6.1 on page 203 of the Company's 2021 Annual Report and Accounts;
- (b) for the financial year ended 31 December 2022, those transactions disclosed in note 6.1 on page 214 of the Company's 2022 Annual Report and Accounts;
- (c) for the financial year ended 31 December 2023, those transactions disclosed in note 6.1 on page 217 of the Company's 2023 Annual Report and Accounts

The details of related party transactions in paragraphs (a), (b) and (c) above are incorporated by reference into this document.

Other than as publicly announced, the Company has not entered into any transactions with related parties during the period from 1 January 2024 to the Latest Practicable Date.

## **9 MATERIAL CONTRACTS**

### **9.1 The Continuing Group**

PR Annex 1  
item 20

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Continuing Group (i) within the two years immediately preceding the date of this document which are or may be, material; or (ii) which contain any provision under which any member of the Continuing Group has any obligation or entitlement which is material, in each case, to the Continuing Group as at the date of this document:

#### **(a) RCF Agreement**

On 29 June 2023, the Company as borrower and the Company, CHL, CBSL and Capita Customer Management Limited as guarantors entered into an amendment and restatement agreement in respect of a £284m revolving credit facility agreement with, amongst others, Lloyds Bank plc as agent and certain lenders named therein. The key terms of the RCF Agreement are set out as below:

##### ***RCF Creditors***

The RCF Creditors are Barclays Bank PLC, ING Bank N.V., London Branch, Lloyds Bank plc, Goldman Sachs International Bank, National Westminster Bank plc, Bank of China Limited, London Branch, Standard Chartered Bank and Citibank NA, London Branch.

##### ***Facility***

The facility made available under the RCF Agreement is a revolving loan facility in the amount of £284m until 1 January 2025, however the total commitments under the facility were reduced to £250m on 23 January 2024 following a business disposal and will remain at £250m until the maturity of the facility on 31 December 2026. As at the Latest Practicable Date, the amount drawn under the facility was £0.

##### ***Purpose***

The amounts borrowed under the RCF Agreement are available for the general corporate purposes of the Group.

##### ***Availability period, repayment and prepayment***

The facility is available for utilisation until 31 December 2026 (such date being the termination and final repayment date of the amended and restated facility).

Each loan drawn under the RCF Agreement is repayable on the last day of its interest period. The RCF Agreement contains customary prepayment provisions, including mandatory prepayment events in case of illegality or a change of control in respect of the Company.

### ***Interest and interest periods***

Loans under the RCF Agreement bear interest at a rate equal to the relevant rate of SONIA for that day plus any credit adjustment spread (in relation to loans in sterling), SOFR for that day plus any credit adjustment spread (in relation to loans in US dollars) or EURIBOR (in relation to loans in euro) plus the applicable margin. The margin payable under the facility varies between 2.75 per cent. and 3.75 per cent. per annum depending on the net leverage ratio of the Group. The margin may also be increased or decreased by up to 0.050 per cent. depending on the performance of the Company's ESG score, calculated by reference to reports produced by EcoVadis and CDP annually.

### ***Guarantees and security***

The RCF Agreement is unsecured but is guaranteed by each of the Company, CHL, CBSL, Capita Customer Management Limited, Capita International Limited (as acceded to the RCF Agreement on 23 August 2023), Capita IT Services Holdings Limited (as acceded to the RCF Agreement on 6 December 2023) and CSSL (as acceded to the RCF Agreement on 6 December 2023). The Company must also ensure that any of its subsidiaries that have provided a guarantee in connection with: (i) certain of the Group's existing debt securities; or (ii) other indebtedness entered into with persons who are not members with the Group and in a principal amount exceeding £75,000,000, must, in each case, also provide a guarantee in respect of the RCF Agreement.

### ***Financial Covenants***

The RCF Agreement requires the Company to ensure compliance with the following financial covenants (in each case, tested semi-annually on 30 June and 31 December):

- (i) the ratio of consolidated total net borrowings to adjusted consolidated EBITDA does not exceed 3.0:1 on each relevant testing date; and
- (ii) the ratio of consolidated EBITA to consolidated net finance costs is not less than 4.0:1 on each relevant testing date.

### ***Representations, undertakings and events of default***

The RCF Agreement restricts the Company from making distributions to its Shareholders and effecting buy-backs of its own shares prior to the termination date.

The RCF Agreement also contains an express permission for the Company to undertake the Disposal.

The RCF Agreement otherwise contains customary representations, undertakings and events of default for financings of this nature.

## **(b) US PP Documents**

The Company periodically issues private placement notes through its subsidiary, Capita Holdings Limited (**CHL**) and through Capita, denominated in pounds sterling or US dollars (the **US PP Notes**), to institutional investors (the **US PP Creditors**). US PP Notes still in issue are:

- (i) the note purchase and guarantee agreement dated 18 November 2014 (as amended from time to time) entered into between, amongst others, CHL as issuer, with respect to the outstanding \$98,500,000 3.65 per cent. series E notes due 22 January 2025, £10,000,000 3.54 per cent. series F notes due 22 January 2025, £30,000,000 3.67 per cent. series G notes due 22 April 2025, \$37,000,000 3.80 per cent. series H notes due 22 January 2027 and £32,000,000 3.58 per cent. series I notes due 22 January 2027;
- (ii) the note purchase and guarantee agreement dated 27 October 2016 (as amended from time to time) entered into between, amongst others, CHL as issuer, with respect to the \$26,000,000 3.59 per cent. series E notes due 27 October 2026 and £25,000,000 2.77 per cent. series F notes due 27 October 2026; and
- (iii) the note purchase and guarantee agreement dated 25 July 2023 (as amended from time to time) entered into between, amongst others, Capita as issuer, with respect to the \$45,000,000 8.00 per cent. series A notes due 25 July 2026, £50,000,000 9.35% series B notes due 25 July 2026 and \$23,000,000 8.21 per cent. series C notes due 25 July 2028.

(together, the **US PP Documents**).

The terms and conditions of each of the US PP Notes are broadly similar and contain mostly standard private placement market terms. The key terms of the US PP Notes are set out as below:

#### ***Prepayment and make-whole***

The US PP Notes may be prepaid at any time in whole or in part (subject to a minimum amount of US\$5m or £5m) at par plus all accrued and unpaid interest plus a market make-whole premium, if any.

In general terms, the make-whole premium will be equal to the difference (but not less than zero) between: (i) the present value of the remaining principal payments on the principal amount to be prepaid, discounted at a rate equal to the yield on the most actively-traded on the run US treasury note (or, in the case of pounds sterling denominated notes, the actively-traded on the run UK gilt securities which most closely matches the maturity of the US PP Notes) plus 50 basis points; and (ii) the principal amount of the US PP Notes to be prepaid.

The US PP Notes are not subject to required prepayments prior to the final maturity date except in connection with a change of control or due to acceleration on event of default.

#### ***Interest and interest periods***

Interest under the US PP Notes is payable by CHL and Capita semi-annually in arrears.

#### ***Guarantees***

The CHL US PP Notes are guaranteed by Capita and any additional subsidiary guarantors and the Capita US PP Notes guaranteed by additional subsidiary guarantors.

#### ***Financial covenants***

Each of the US PP Documents requires the Company to comply with two principal financial covenants (in each case, tested semi-annually on 30 June and 31 December):

- (i) the Company's consolidated net indebtedness to adjusted consolidated EBITDA ratio must not exceed 3:1, provided that the Company may raise this ratio to 3.5:1 for up to two consecutive testing dates in certain circumstances; and
- (ii) the Company must maintain a ratio of consolidated EBITA to consolidated net interest expense of not less than 4.0:1.

***Representations, other covenants and events of default***

The US PP Documents contain customary representations, covenants and events of default for financings of this nature.

***Amendments to the US PP Notes***

On 20 April 2018, Capita agreed the following with the US PP Creditors:

- (i) the introduction of a minimum basket size of £50m in relation to subsidiary indebtedness and permitted liens, and £100m in respect of bonds and guarantees in line with the corresponding baskets under the Group's other financing arrangements;
- (ii) certain restructuring costs to be excluded from the calculation of the covenant test, and certain assets to be excluded from the restrictions on disposals; and
- (iii) the flexibility to increase the consolidated net indebtedness to adjusted consolidated EBITDA ratio from 3:1 to 3.5:1 if Capita would otherwise breach the covenant as a result of first-year losses from significant new contract wins as a result of the adoption of IFRS 15.

**(c) Disposal of Capita's real estate and infrastructure business**

On 1 August 2022, Capita agreed to sell its real estate and infrastructure business, comprising the entire issued share capital of both Capita (Real Estate & Infrastructure) Limited (**CREI**) and GL Hearn Limited (**GLH**) and including, indirectly, 100% of the issued share capital of GL Hearn Management (held by GLH) and 51% of the issued share capital of Capita Glamorgan Consultancy Limited (held by CREI), to WSP UK Limited (**WSP**) for £60m (on a cash-free, debt-free basis).

In order to effect the transaction, Capita Property and Infrastructure Limited (**CPIIL**) and Capita Property and Infrastructure Holdings Limited (**CPIHL**), both wholly-owned subsidiaries of the Company, entered into a share purchase agreement with WSP. The sale completed on 22 September 2022. The agreed consideration for the transaction was (taking into account cash-like and debt-like items) £69m and Capita received proceeds of £62.7m on completion, net of transaction costs.

The share purchase agreement contains customary warranties relating to, amongst other things, title, capacity, authority and solvency matters, together with additional business and tax warranties as are customary for such a transaction. WSP also gave customary warranties in favour of CPIIL and CPIHL. The share purchase agreement includes customary financial thresholds, time limitations and other limitations and exclusions in relation to claims made under it by WSP. The share purchase agreement

also includes certain indemnities given to WSP in respect of certain potential liabilities all of which have been capped in time and quantum.

In connection with the transaction, CBSL has agreed: (i) to guarantee certain obligations under the share purchase agreement and related business transfer agreements; and (ii) on behalf of the Group, to provide certain IT, HR, finance and property services to WSP under a transitional services agreement.

**(d) Disposal of Capita's regulated payments business**

On 16 September 2022 Capita agreed to sell its FCA regulated payments business, comprising of the entire issued share capital of Pay360 Limited (**Pay360**) to Access PaySuite Ltd (**Access PaySuite**) for £150m (on a cash-free, debt-free basis).

In order to effect the transaction, CHL entered into a share purchase agreement with Access PaySuite and Access UK Ltd (**Access UK**), as Access PaySuite's guarantor. The sale completed on 1 December 2022.

CHL gave business and tax warranties as are customary for a transaction of this nature, including fundamental warranties relating to title, capacity, authority and solvency matters. Access PaySuite also gave customary purchaser warranties in favour of CHL. The share purchase agreement also includes certain indemnities given to Access PaySuite in respect of certain potential liabilities all of which have been capped in time and quantum.

Access UK provided a guarantee to CHL in respect of the obligations of Access PaySuite under the share purchase agreement and tax indemnity.

In connection with the transaction, CBSL agreed to provide certain transitional services, including in relation to finance, group and expense systems, HR, payroll, property and IT to Pay360 for a transitional period under a transitional services agreement.

**(e) Disposal of Capita's resourcing business**

On 4 March 2023, Capita agreed to sell its resourcing businesses, Capita Resourcing, HR Solutions and ThirtyThree to Inspirit Pine Bidco Limited (**Inspirit Capital**) for £21m (on a cash-free, debt-free basis).

In order to effect the transaction, CBSL and Capita International Limited (**CIL**) entered into a share purchase agreement with Inspirit Capital. The sale completed on 31 May 2023.

CBSL and CIL gave business and tax warranties as are customary for a transaction of this nature, including fundamental warranties relating to title, capacity, authority and solvency matters. Inspirit Capital also gave customary purchaser warranties in favour of CBSL and CIL. The share purchase agreement also includes certain indemnities given to Inspirit Capital in respect of certain potential liabilities all of which have been capped in time and quantum.

In connection with the transaction, CSSL agreed to provide certain transitional services, including in relation to finance, group and expense systems, HR, payroll, property and IT to Capita Resourcing Limited for a transitional period under a transitional services agreement.

**(f) Disposal of Capita's non-core software businesses**

On 8 June 2023, Capita agreed to sell its software businesses comprised of CHKS Limited, Capita IB Solutions (Ireland) Limited, Capita IB Solutions Limited, Capita Retain Limited, Capita Retain (USA) LLC, Synaptic Software Limited and Capita Workforce Management Limited (the **Non-core Software Businesses**) to AdvancedAdvT Limited (**AdvancedAdvT**) for an enterprise value was £33m (on a cash-free, debt-free basis).

In order to effect the transaction, Capita Health Holdings Limited, Capita Justice & Secure Services Holdings Limited, Capita Secure Information Solutions Limited, Capita (USA) Holdings Inc. and CBSL (the **Non-core Software Sellers**) entered into a share purchase agreement with Adv Finance Holding Limited, Adv People Holding Limited, Adv Data Holding Limited, Adv US Inc. (the **AdvancedAdvT Purchasers**) and AdvancedAdvT (as the AdvancedAdvT Purchaser's guarantor). The sale completed on 31 July 2023. Taking into account cash-like and debt-like items, Capita received total cash proceeds of c.£44m at completion.

The Non-core Software Sellers gave business and tax warranties as are customary for a transaction of this nature, including fundamental warranties relating to title, capacity, authority, sanctions and solvency matters to the respective AdvancedAdvT Purchasers. The AdvancedAdvT Purchasers and AdvancedAdvT also gave customary purchaser warranties in favour of each Non-core Software Sellers. The share purchase agreement also includes specific indemnities given to the AdvancedAdvT Purchasers in respect of certain matters which have been capped in time and quantum.

AdvancedAdvT guaranteed the performance of the AdvancedAdvT Purchaser's obligations under the share purchase agreement.

In connection with the transaction, CSSL agreed to provide certain transitional services, including in relation to finance, group and expense systems, HR, payroll, property and IT to the Non-core Software Businesses for a transitional period under a transitional services agreement.

**(g) Disposal of Capita's travel businesses**

On 9 August 2023, Capita agreed to sell its travel and events businesses, comprising of Agiito Limited and Evolvi Rail Systems Limited, (the **Travel Businesses**) to Clarity Travel Limited (**Clarity**) for an enterprise value of £36.5m (on a cash-free, debt-free basis).

In order to effect the transaction, CHL entered into a share purchase agreement with Clarity for the sale of the entire issued share capital of Capita Travel & Events Holdings Limited, the parent of the Travel Businesses. The sale completed on 14 November 2023. Taking into account the working capital and debt liabilities that Clarity is assuming as part of the transaction, Capita expects to receive cash proceeds of £17m, of which £8m was paid completion and £9m is payable 12 months following completion.

CHL gave business and tax warranties as are customary for a transaction of this nature, including fundamental warranties relating to ownership of capital, capacity, authority, solvency and sanctions matters. Clarity and The Portman Travel Group Limited (the **Portman Travel Group**), Clarity's guarantor, also gave customary purchaser warranties in favour of CHL. The share purchase agreement also includes certain

indemnities given to Clarity in respect of certain potential liabilities all of which have been capped in time and quantum. The Portman Travel Group guaranteed Clarity's obligations under the share purchase agreement.

In connection with the transaction, CSSL agreed to provide certain transitional services, including in relation to finance, group systems, HR, property and IT to Clarity for a transitional period under a transitional services agreement.

**(h) Disposal of Capita's Fera business**

On 1 December 2023, Capita agreed to sell its 75% stake in Fera Science Limited to Hazel II Bidco Limited (**Hazel II**), an entity owned by Bridgepoint Group plc. Fera is an environmental testing, research, advisory and assurance services provider and was established as a joint venture between Capita and the Department for Environment, Food & Rural Affairs.

In order to effect the transaction, CBSL entered into a share purchase agreement with Hazel II. The sale completed on 17 January 2024. Capita received cash proceeds of £62m from the transaction (including cash and debt-like items and working capital adjustments).

CBSL gave business and tax warranties as are customary for a transaction of this nature, including fundamental warranties relating to title, capacity, authority, solvency and sanctions matters. Hazel II also gave customary purchaser warranties relating in favour of CBSL. The share purchase agreement also includes certain indemnities given to Hazel II in respect of certain potential liabilities all of which have been capped in time and quantum.

In connection with the transaction, CSSL agreed to provide certain transitional services, including in relation to finance, group systems, HR, and IT to Hazel II for a transitional period under a transitional services agreement.

**(i) Transaction Agreements**

Your attention is drawn to Part 3 (*Summary of the Transaction Agreements*) of this document, which contains a summary of the key Transaction Agreements relating to the Disposal, being the Sale Agreement and the Transitional Services Agreement.

Save as disclosed in paragraph 9.1 above, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by members of the Continuing Group (i) within the two years immediately preceding the date of this document which are, or may be, material; or (ii) which contain any provision under which any member of the Continuing Group has any obligation or entitlement which is material to the Continuing Group as at the date of this document.

**9.2 The Capita One Business**

(a) Your attention is drawn to Part 3 (*Summary of the Transaction Agreements*) of this document, which contains a summary of the key Transaction Agreements relating to the Disposal, including the TSA.

(b) Save as disclosed in paragraph (a) above (or in paragraph 9.1, in respect of the Continuing Group), there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by the Capita One Business (i) within the

two years immediately preceding the date of this document which are, or may be, material; or (ii) which contain any provision under which the Capita One Business has any obligation or entitlement which is material to the Capita One Business as at the date of this document.

## 10 LITIGATION

PR Annex 1  
item 18.6

### 10.1 The Continuing Group

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the 12 months preceding the date of this document, which may have, or have had in the recent past a significant effect on the Company and the Continuing Group's financial position or profitability.

### 10.2 The Capita One Business

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the 12 months preceding the date of this document, which may have, or have had in the recent past a significant effect on the financial position or profitability of the Capita One Business.

## 11 WORKING CAPITAL

PR Annex 11  
item 3.1

The Company is of the opinion that, after taking into account the expected net cash proceeds of the Disposal and the facilities available to the Continuing Group, the Continuing Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

## 12 SIGNIFICANT CHANGES

PR Annex 1  
item 18.7

### 12.1 The Continuing Group

There has been no significant change in the financial position or financial performance of the Continuing Group since 31 December 2023, the date to which the last published audited financial statements of the Group were published.

### 12.2 The Capita One Business

There has been no significant change in the financial position or financial performance of the Capita One Business since 31 December 2023, being the end of the last financial period for which unaudited financial information of the Capita One Business has been presented in Part 4 (*Historical Financial Information Relating to the Capita One Business*) of this document.

## 13 CONSENTS

LR 13.3.1(10)  
LR 13.4.1(6)

(a) Barclays, acting as Sponsor and Financial Advisor to Capita in connection with the Disposal, has given and has not withdrawn its written consent to the inclusion of its name in this document in the form and context in which it is included.

(b) KPMG has given and has not withdrawn its written consent to the inclusion in Part 5 (*Unaudited Pro Forma Statement of Net Assets*) of this document of its report in the form and context in which it is included.

## 14 DOCUMENTS AVAILABLE FOR INSPECTION

PR Annex 1  
item 21

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at 65 Gresham Street, London EC2V 7NQ, United Kingdom up to and including the date of the General Meeting:

- (a) the Sale Agreement;
- (b) this document;
- (c) the up-to-date articles of association of the Company;
- (d) the consent letters referred to in section 13 of this Part 6;
- (e) the report of KPMG set out in Part 5 (*Unaudited Pro Forma Statement of Net Assets*) of this document; and
- (f) the consolidated audited accounts of the Group for each of the three financial years ended 31 December 2023, 31 December 2022 and 31 December 2021.

Copies of the above documents other than the Sale Agreement may be inspected on the Company's website, in the case of documents (b) to (e) at <http://www.capita.com/investors/shareholder-information> and in the case of document (f) at <http://www.capita.com/investors/results-reports-and-presentations>.



## PART 7

### DOCUMENTATION INCORPORATED BY REFERENCE

<b>Information incorporated by reference</b>	<b>Document reference</b>	<b>Page number(s) in this document</b>
Company's 2021 Annual Report and Accounts	Details of related party transactions that the Company has entered into for the financial year ended 31 December 2021 (page 203)	39 - 40
Company's 2022 Annual Report and Accounts	Details of related party transactions that the Company has entered into for the financial year ended 31 December 2022 (page 214)	39 - 40
Company's 2023 Annual Report and Accounts	The Company's consolidated financial statements for the year ended 31 December 2023 (page 124)	7 – 15, 28 – 32
	Details of the alternative performance measures presented by the Company and its consolidated subsidiaries as presented in section 8 (Additional Information) of the notes to the financial statements for the financial year ended 31 December 2023 (page 230 to 233)	7 – 15
	Details of related party transactions that the Company has entered into for the financial year ended 31 December 2023 (page 217)	39 – 40

Copies of the above documents may be inspected on the Company's website at <https://www.capita.com/investors/results-reports-and-presentations>.

## PART 8

### DEFINITIONS AND GLOSSARY

The following definitions apply throughout this document, unless stated otherwise:

<b>Access PaySuite</b>	Access PaySuite Ltd, a company incorporated in England and Wales with registered number 04595169 and whose registered office is at The Old School, School Lane, Stratford St Mary, Colchester CO7 6LZ, United Kingdom
<b>Access UK</b>	Access UK Ltd, a company incorporated in England and Wales with registered number 02343760 and whose registered office is at The Old School, School Lane, Stratford St Mary, Colchester CO7 6LZ, United Kingdom
<b>AdvancedAdvT</b>	AdvancedAdvT Limited, a company incorporated in the British Virgin Islands with the company number 2040954 and whose registered office is at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110
<b>AdvancedAdvT Purchasers</b>	Adv Finance Holding Limited, Adv People Holding Limited, Adv Data Holding Limited, Adv US Inc.
<b>Barclays</b>	Barclays Bank PLC, acting through its Investment Bank
<b>Board</b>	the board comprising the Directors
<b>Business Day</b>	a day (other than a Saturday or Sunday) on which banks are open in London for the transaction of general business
<b>Buy-Out Award</b>	the buy-out award granted to Adolfo Hernandez
<b>Call-in Notice</b>	a call-in notice issued by the Secretary of State under the NSIA in relation to the Disposal
<b>Capital Markets Event</b>	the capital markets event held by the Company on 13 June 2024
<b>Capita One Business</b>	the software solutions business of the Group, being the development, maintenance and technical application support of certain software to local authorities and housing associations to:
	(a) calculate and collect council tax and business rates and administer the allocation of council tax support and housing benefits to qualifying citizens;
	(b) provide social housing asset and tenant management capability; and
	(c) provide a record of children and families to local authorities (excluding for the avoidance of doubt schools and academies) with responsibility for education,

as held by the Continuing Group prior to 1 May 2024 and as transferred to and held by COL on and from 1 May 2024 (and, in respect of any period commencing on or after 1 May 2024, references in this document to the "Capita One Business" shall include COL)

<b>Capita Share Ownership Plan</b>	the Capita plc Share Incentive Plan 2017
<b>CBSL</b>	Capita Business Services Ltd, a company incorporated in England and Wales with registered number 02299747 and whose registered office is at 65 Gresham Street, London EC2V 7NQ, United Kingdom
<b>CDP</b>	the Carbon Disclosure Project
<b>CEP</b>	the Capita plc Executive Plan 2021
<b>Chair</b>	David Lowden, Chair of the Company
<b>Chief Executive Officer</b>	Adolfo Hernandez, Chief Executive Officer of the Company
<b>CHL</b>	Capita Holdings Limited, a company incorporated in England and Wales with registered number 06027254 and whose registered office is at 65 Gresham Street, London EC2V 7NQ, United Kingdom
<b>CIL</b>	Capita International Limited, a company incorporated in England and Wales with registered number 02683437 and whose registered office is 65 Gresham Street, London EC2V 7NQ, United Kingdom
<b>Clarity</b>	Clarity Travel Limited, a company incorporated in England and Wales with registered number 07413801 and whose registered office is 4th Floor, Broadhurst House, 56 Oxford Street, Manchester M1 6EU, United Kingdom
<b>COL</b>	Capita One Limited, a company incorporated in England and Wales with registered number 15370298 and whose registered office is at 65 Gresham Street, London EC2V 7NQ, United Kingdom
<b>Company or Capita</b>	Capita plc, a company incorporated in England and Wales with registered number 02081330 and whose registered office is at 65 Gresham Street, London EC2V 7NQ, United Kingdom
<b>Completion</b>	completion of the Disposal in accordance with the Transaction Agreements
<b>Completion Date</b>	the last Business Day of the month in which the Shareholder Condition and the NSIA Condition are satisfied in accordance with the Sale Agreement, unless the Shareholder Condition and the NSIA Condition are satisfied in accordance with the Sale Agreement less than three Business Days prior to the last Business Day of a month, in which case it means the last Business Day of the month following the month in which the Shareholder Condition and the NSIA Condition are satisfied in accordance with the Sale Agreement, in each case unless a different

date is agreed between the Seller and the Purchaser in writing in which case it means the date so agreed

<b>Continuing Group</b>	in respect of (i) any period prior to the occurrence of Completion, the Group and (ii) any period on or after the occurrence of Completion, the Group excluding COL
<b>CPIHL</b>	Capita Property and Infrastructure Holdings Limited, a company incorporated in England and Wales with registered number 03840627 and whose registered office is at 65 Gresham Street, London EC2V 7NQ, United Kingdom
<b>CPIL</b>	Capita Property and Infrastructure Limited, a company incorporated in England and Wales with registered number 02018542 and whose registered office is at 65 Gresham Street, London EC2V 7NQ, United Kingdom
<b>CREI</b>	Capita (Real Estate & Infrastructure) Limited, now known as Wsp (Real Estate and Infrastructure) Limited, a company incorporated in England and Wales with registered number 12475960 and whose registered office is at Wsp House, 70 Chancery Lane, London, England, WC2A 1AF
<b>CREST</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & International Limited is the operator (as defined in such Regulations) in accordance with which securities may be held and transferred in uncertificated form
<b>CREST Proxy Appointment Instruction</b>	the CREST message for a proxy appointment or proxy instruction made using the CREST voting service
<b>CSSL</b>	Capita Shared Services Limited, a company incorporated in England and Wales with registered number 13497834 and whose registered office is at 65 Gresham Street, London EC2V 7NQ, United Kingdom
<b>DAB</b>	the Capita plc Deferred Bonus Plan 2017 or deferred bonus awards granted under the CEP, as applicable
<b>Directors</b>	the directors of the Company, whose names are set out on page 34 of this document
<b>Disposal</b>	the proposed disposal of COL pursuant to the Transaction Agreements
<b>DTRs</b>	the Disclosure Guidance and Transparency Rules made by the FCA pursuant to Part 6 of FSMA
<b>ESG</b>	environmental, social and governance matters
<b>Euroclear</b>	Euroclear UK & International Limited
<b>Executive Directors</b>	the executive directors of the Company, whose names are set out on page 34 of this document

<b>FCA</b>	the Financial Conduct Authority of the United Kingdom and, where applicable, any successor body or bodies carrying out the functions currently carried on by the Financial Conduct Authority
<b>Fera</b>	Fera Science Limited, a company incorporated in England and Wales with registered number 09413107 and whose registered office is at York Biotech Campus, Sand Hutton, York YO41 1LZ, United Kingdom
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended)
<b>General Meeting</b>	the general meeting of the Company to be held at Dentons UK and Middle East LLP, 1 Fleet Place, London EC4M 7WS on 29 July 2024 at 12:00 p.m. (or any adjournment thereof, notice of which is set out at the end of this document)
<b>GLH</b>	GL Hearn Limited, a company incorporated in England and Wales with registered number 03798877 and whose registered office is at Wsp House, 70 Chancery Lane, London, England, WC2A 1AF
<b>Government</b>	His Majesty's Government of the United Kingdom of Great Britain and Northern Ireland
<b>Group</b>	the Company and its subsidiary undertakings
<b>Hazel II</b>	Hazel II Bidco Limited, a company incorporated in England and Wales with registered number 15208245 and whose registered office is at York Biotech Campus, Sand Hutton, York YO41 1LZ, United Kingdom
<b>Inspirit Capital</b>	Inspirit Pine Bidco Limited, a company incorporated in England and Wales with registered number 14486072 and whose registered office is at 105 Piccadilly, London, England, W1J 7NJ, United Kingdom
<b>KPMG</b>	KPMG LLP
<b>Latest Practicable Date</b>	28 June 2024, being the latest practicable date before publication of this document
<b>Listing Rules</b>	the rules and regulations made by the FCA under Part 6 of FSMA London Stock Exchange London Stock Exchange plc, together with any successor body thereto
<b>MAR</b>	the Market Abuse Regulation EU 596/2014 applicable to the UK pursuant to section 3 of the European Union (Withdrawal) Act 2018 (forming part of assimilated UK law)
<b>MRI Software</b>	MRI Software, LLC
<b>New Listing Rules</b>	the FCA's proposed changes to the Listing Rules
<b>nominated persons</b>	persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006

<b>Non-core Software Businesses</b>	CHKS Limited, Capita IB Solutions (Ireland) Limited, Capita IB Solutions Limited, Capita Retain Limited, Capita Retain (USA) LLC, Synaptic Software Limited and Capita Workforce Management Limited
<b>Non-core Software Sellers</b>	Capita Health Holdings Limited, Capita Justice & Secure Services Holdings Limited, Capita Secure Information Solutions Limited, Capita (USA) Holdings Inc. and Capita Business Services Ltd.
<b>Non-Executive Directors</b>	the non-executive directors of the Company, whose names are set out on page 34 of this document
<b>Notice of General Meeting</b>	the notice of the General Meeting set out at the end of this document
<b>Notifiable Interest</b>	the holdings in the Company's issued ordinary share capital (exclusive of treasury shares) notified to the Company pursuant to DTR 5 as at the Latest Practicable Date as set out on page 39 of this document
<b>NSIA</b>	the National Security and Investment Act 2021
<b>NSIA Condition</b>	the approval under NSIA from the Secretary of State being granted or being deemed to have been granted in respect of the Disposal
<b>Pay360</b>	Pay360 Limited, a company incorporated in England and Wales with registered number 03539217 and whose registered office is at Armstrong Building Oakwood Drive, Loughborough University Science & Enterprise Park, Loughborough, England, LE11 3QF
<b>Portman Travel Group</b>	The Portman Travel Group Limited, a company incorporated in England and Wales with registered number 08831424 and whose registered office is Elegant House Sandpiper Way, Chester Business Park, Chester, Cheshire CH4 9QE, United Kingdom
<b>Purchaser</b>	Orchard Information Systems Limited
<b>Purchaser Guarantors</b>	MRI Intermediate Holdings LLC, MRI Software EMEA Limited and MRI Software Limited
<b>Purchaser's Group</b>	means the Purchaser, any subsidiary undertaking of the Purchaser (including, following Completion, COL), any holding company of the Purchaser and any subsidiary of any holding company of the Purchaser, from time to time (which on and from Completion will include COL) and member of the Purchaser's Group shall be construed accordingly
<b>RCF Agreement</b>	an amendment and restatement agreement in respect of the £284,000,000 revolving credit facility agreement dated 29 June 2023, which incorporates as a schedule the form of the amended and restated revolving credit facility agreement, between, amongst others, the Company, CHL, CBSL, Capita Customer Management Limited, Capita International Limited, Capita IT Services Holdings Limited and CSSL, as supplemented, amended and/or varied from time to time
<b>RCF Creditors</b>	the creditors in respect of the RCF Agreement from time to time

<b>Registrars</b>	Link Group of Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom
<b>Regulatory Information Service</b>	any of the services authorised by the FCA from time to time for the purpose of disseminating regulatory announcements
<b>Resolution</b>	the ordinary resolution to approve the Disposal as set out in the notice of General Meeting at the end of this document
<b>RSA</b>	restricted share awards granted under the CEP
<b>Sale Agreement</b>	the share purchase agreement in respect of COL dated 8 July 2024 between the Seller, the Purchaser and the Guarantors
<b>Seller</b>	CBSL
<b>Shareholder Condition</b>	to extent the approval is required by the Listing Rules, the approval (by ordinary resolution) of the Disposal by the Shareholders at the General Meeting
<b>Shareholders</b>	the holders of the Shares
<b>Shares</b>	the ordinary shares of 2 <sup>1/15</sup> pence each in the capital of the Company
<b>Sponsor</b>	Barclays acting in its role as sponsor as defined in the Listing Rules
<b>Transaction Agreements</b>	the Sale Agreement and the Transitional Services Agreement described in Part 3 ( <i>Summary of the Transaction Agreements</i> ) of this document
<b>Transitional Services Agreement or TSA</b>	the transitional services agreement to be entered into on Completion between CSSL, COL and the Purchaser
<b>Travel Businesses</b>	Agiito Limited and Evolvi Rail Systems Limited
<b>TUPE</b>	Transfer of Undertakings (Protection of Employment) Regulations 2006
<b>UK</b>	the United Kingdom
<b>US PP Creditors</b>	the holders of the outstanding notes issued pursuant to the US PP Documents
<b>US PP Documents</b>	<ul style="list-style-type: none"> <li>(i) the note purchase and guarantee agreement dated 18 November 2014 (as amended from time to time) entered into between, amongst others, CHL as issuer, with respect to the outstanding \$98,500,000 series E notes due 22 January 2025, £10,000,000 series F notes due 22 January 2025, £30,000,000 series G notes due 22 April 2025, \$37,000,000 series H notes due 22 January 2027 and £32,000,000 series I notes due 22 January 2027;</li> <li>(ii) the note purchase and guarantee agreement dated 27 October 2016 (as amended from time to time) entered into between, amongst others, CHL as issuer, with respect to the outstanding</li> </ul>

\$26,000,000 series E notes due 27 October 2026 and £25,000,000 series F notes due 27 October 2026; and

(iii) the note purchase and guarantee agreement dated 25 July 2023 (as amended from time to time) entered into between, amongst others, Capita as issuer, with respect to the \$45,000,000 8.00 per cent. series A notes due 25 July 2026, £50,000,000 9.35% series B notes due 25 July 2026 and \$23,000,000 8.21 per cent. series C notes due 25 July 2028

**US PP Notes**

the private placement notes issued by the Company and through its subsidiary, CHL, to institutional investors pursuant to the US PP Documents

**WSP**

WSP UK Limited, a company incorporated in England and Wales with registered number 01383511 and whose registered office is at Wsp House, 70 Chancery Lane, London, England, WC2A 1AF

All times referred to are London times unless otherwise stated.

All references to legislation in this document are to the legislation of England and Wales unless otherwise stated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

## CAPITA PLC

### NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of Capita plc (the **Company**) will be held at Dentons UK and Middle East LLP, 1 Fleet Place, London EC4M 7WS on 29 July 2024 at 12:00 p.m. (the **General Meeting**) to consider and, if thought fit, pass the following resolution, which will be proposed as an ordinary resolution.

#### Ordinary resolution

THAT the Disposal, on the terms set out in the Sale Agreement (both as defined in the circular to shareholders dated 10 July 2024 (the **Circular**)), together with any associated and ancillary documents thereto, be and is hereby approved and the Directors (or a committee of the Directors) be and are hereby authorised to waive, amend, vary or extend any of the terms of the Sale Agreement (provided that any such waivers, amendments, variations or extensions are not of a material nature) and to do all such things as they may consider to be necessary, expedient or desirable to implement and give effect to, or otherwise in connection with, the Disposal and any matters incidental to the Disposal.

By order of the Board,

Claire Denton  
Secretary

10 July 2024

Registered office:  
65 Gresham Street, London EC2V 7NQ, United Kingdom

Registered in England and Wales No. 02081330

#### Notes

#### The General Meeting

1. The Board is looking forward to welcoming Shareholders to this General Meeting, which Shareholders will be able to attend at Dentons UK and Middle East LLP, 1 Fleet Place, London EC4M 7WS on 29 July 2024 at 12:00 p.m.
2. Shareholders who wish to attend the General Meeting should refer to the instructions set out in Appendix 1.
3. As set out in the Letter from the Chair of the Company included in the Circular, the FCA has announced that proposed changes to the Listing Rules, including changes to the rules relating to Class 1 transactions, (the **"New Listing Rules"**) are expected to be finalised and implemented early in the second half of 2024. If the New Listing Rules are implemented as currently proposed and become effective prior to Completion (as defined in the Circular) of the Disposal, they would not require the Disposal to be conditional upon the approval of the Shareholders. If, prior to the General Meeting, the FCA announces that the New Listing Rules will become effective prior to the expected date of Completion such that the approval of the Shareholders would, under the New Listing Rules, no longer be required for Completion to occur, the Company would not therefore seek the approval of the Shareholders in relation to the Disposal and would permanently adjourn the General Meeting. In such circumstances the

Company would give notice of its intention to adjourn the General Meeting by issuing an announcement through a Regulatory Information Service.

### **Proxy appointment**

4. Whether or not you intend to attend the General Meeting, you are encouraged to appoint a proxy to cast your votes on the Resolution as soon as possible in the manner set out below.
5. A member who is entitled to attend and vote at the meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him/her, as his/her proxy to exercise all or any of his/her rights to attend and to speak and vote at the meeting. A proxy need not be a shareholder of the Company. Where a member appoints more than one proxy in relation to the General Meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by that member. The appointment of a proxy will not prevent a member from subsequently attending the meeting and voting themselves should they wish to do so.
6. A member that is a corporation can also attend and vote at the General Meeting through one or more representatives appointed in accordance with section 323 of the Companies Act 2006. Any such representative attending the meeting should bring to the meeting written evidence of their appointment, such as a certified copy of a board resolution of, or a letter from, the corporation concerned confirming the appointment. If you are in any doubt about your shareholding, please contact our Registrars.
7. A member wishing to attend and vote at the meeting should arrive prior to the time fixed for its commencement.
8. Any member wishing to vote at the meeting without attending must appoint a proxy to do so. A member may appoint a proxy by following the instructions for the electronic appointment of a proxy at [www.capitashares.co.uk](http://www.capitashares.co.uk). To be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received by the Company's Registrars, Link Group, as soon as possible but, in any event, so as to arrive no later than 12:00 p.m. on 25 July 2024.
9. Members who hold their shares in uncertificated form may also use the 'CREST voting service' to appoint a proxy electronically, as explained below.
10. If you are an institutional investor, you may also be able to appoint a proxy electronically via the proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding proxymity, please go to [www.proxymity.io](http://www.proxymity.io). Your proxy must be lodged by 12:00 p.m. on 25 July 2024 in order to be considered valid. Before you can appoint a proxy via this process you must agree to proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
11. Alternatively, hard copy forms for the appointment of a proxy are available on request from Link Group: email [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk) or call +44 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 a.m. to 5:30 p.m., Monday to Friday excluding UK public holidays. To be valid, a hard copy proxy appointment form must be completed in accordance with the instructions that accompany it and then delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Link Group, PXS 1, Central Square, 29 Wellington Street,

Leeds, LS1 4DL so as to be received as soon as possible and, in any case, so as to be received no later than 12:00 p.m. on 25 July 2024 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (as the case may be) excluding any part of a day that is not a business day.

#### **Nominated persons**

12. Any person to whom this notice is sent who is currently nominated by a member of the Company to enjoy information rights under section 146 of the Companies Act 2006 (a **nominated person**) may have a right under an agreement between him/her and that member to be appointed, or to have someone else appointed, as a proxy for the meeting. If a nominated person has no such right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in Note 5 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.

#### **Information about shares and voting**

13. Holders of ordinary shares are entitled to attend and vote at general meetings of the Company. The total number of issued ordinary shares in the Company on 28 June 2024 (excluding treasury shares), which is the latest practicable date before publication of this notice, is 1,701,273,523, carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 28 June 2024 are 1,701,273,523.

#### **Right to attend, vote and ask questions**

14. The right of a member of the Company to attend and vote at the General Meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the register of members. A member must be registered on that register as the holder of ordinary shares at 6:00 p.m. on 25 July 2024 or, if the meeting is adjourned, at 6:00 p.m. two days before the time fixed for the adjourned meeting (as the case may be), excluding any part of a day that is not a business day, in order to be entitled to attend and vote at the meeting as a member in respect of those shares. Only members of the Company, appointed proxies or corporate representatives are entitled to attend and vote at the General Meeting.

15. Each member attending the General Meeting has the right to ask questions relating to the business being dealt with at the meeting which, in accordance with section 319A of the Companies Act 2006 and subject to some exceptions, the Company must cause to be answered.

#### **Vote by poll**

16. In accordance with the Company's established practice and articles of association, the Resolution will be voted on by a poll so as to record accurately the decision of all members based on their shareholding interests in the Company. Members and proxies attending the meeting will be asked to complete a poll card to indicate how they wish to cast their votes. The results of the poll will be published on the Company's website and notified to the Financial Conduct Authority once the votes have been counted and verified.

#### **CREST members**

17. CREST members who wish to appoint one or more proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by using the procedures described in the 'CREST voting service' section of the CREST Manual. CREST

personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

18. In order for a proxy appointment or proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a **CREST Proxy Appointment Instruction**) must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & International Limited (**Euroclear**), and must contain all the relevant information required by the CREST Manual

(available at <https://www.euroclear.com/about/en/business/Keylegaldocuments.html>).

To be valid, the message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Link Group (ID RA10), as the Company's "issuer's agent", by the latest time(s) for receipt of proxy appointments specified in Note 8 above. After this time, any change of instructions to a proxy appointed through the CREST system should be communicated through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve the message by enquiry through the CREST system in the prescribed manner.

19. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST Proxy Appointment Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on 'Practical limitations of the system'. In certain circumstances, the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.

20. Please note that the Company takes all reasonable precautions to ensure that no viruses are present in any electronic communication it sends out, but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that the members subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic proxy form, that is found to contain any virus will not be accepted.

#### **Website information and use of electronic address**

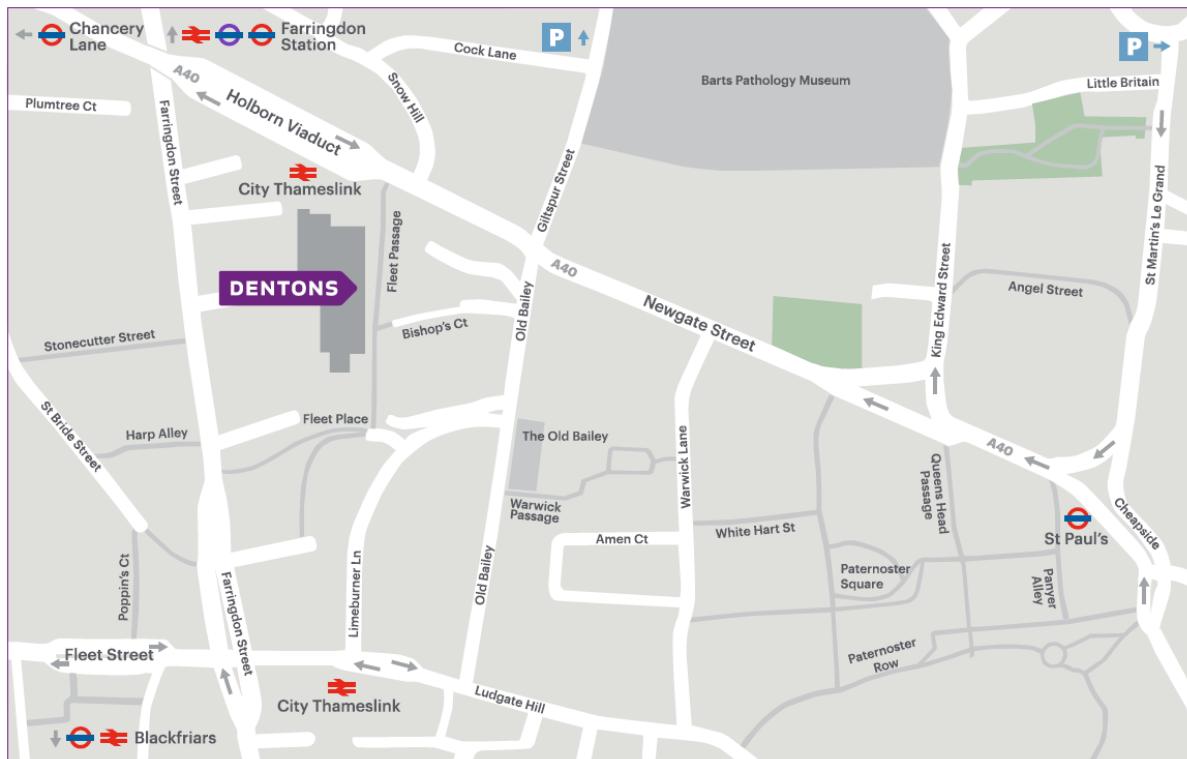
21. Information relating to the meeting which the Company is required by the Companies Act 2006 to publish on a website in advance of the meeting may be viewed at [www.capita.com](http://www.capita.com).

22. A member may not use any telephone number or electronic address provided by the Company in this document or with any proxy appointment form or in any website for communicating with the Company for any purposes other than those expressly stated in it.

## Appendix 1 – Attending the General Meeting

### Location

The map below shows the location of Dentons UK and Middle East LLP, where the General Meeting of Capita plc will be held.



### One Fleet Place

London

EC4M 7RA (GPS postcode)

EC4M 7WS (mailing postcode only)

United Kingdom

Telephone: +44 (0)20 7242 1212

<https://www.dentons.com/en/>

One Fleet Place is located at the northern end of the Fleet Place Estate, which stretches from Holborn Viaduct to Ludgate Hill. The building has two entrances: on the main Fleet Place courtyard and on the walkway between the courtyard and Holborn Viaduct.

City Thameslink is the nearest mainline train station. Farringdon and Blackfriars railway stations are also easily accessible.

St. Pauls (Central line), Blackfriars (Circle and District lines) and Farringdon (Hammersmith and City, Metropolitan, Circle Line and Elizabeth Line) are the closest London Underground stations.

Car park: Onsite parking is not available. Parking meters are available in the surrounding streets.

Disabled access: Dentons' offices are accessible to wheelchair users, with the entire building being wheelchair-friendly. For the hard-of-hearing, there are induction loops with signage at the main reception.

## **Identification and Security**

Please bring an official photo ID (for example, a driving licence, passport or other national identity card) with you as you will be asked to show it to the reception team on arrival.

Staff will be on duty to assist Shareholders. The Company will not permit behaviour that may interfere with another person's security or safety, or the good order of the meeting.

## **Guests**

The General Meeting is a private meeting of members and their representatives. Only members, properly appointed proxies, corporate representatives and invited company guests are permitted to attend the General Meeting. The Company retains absolute discretion to exclude or admit guests to the General Meeting.