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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.

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# Capita

## CAPITA PLC

Incorporated in England and Wales with registered number 02081330

### **Proposed disposal of Capita's Pay360 payment solutions business**

#### **Circular to Shareholders and Notice of General Meeting**

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**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 8 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 Linklaters LLP, One Silk Street, London EC2Y 8HQ at 10:30 a.m. on 1 November 2022 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.

Capita will continue to closely monitor the latest Government guidance in respect of COVID-19 and how this may affect the arrangements for the General Meeting. If the UK Government reintroduces restrictions on public gatherings before the date of the General Meeting, the Company may be required to revise these arrangements, including by limiting physical attendance at the General Meeting. In such circumstances, the Company will make an announcement setting out the revised arrangements. Further information will be made available on our website at <http://www.capita.com/investors/shareholder-information> and/or via a Regulatory Information Service. Shareholders should therefore monitor the Company's website and regulatory news announcements for any updates relating to the General Meeting.

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 10:30 a.m. on 28 October 2022. 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 proxyimity platform. Details of the proxyimity 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 [enquiries@linkgroup.co.uk](mailto:enquiries@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, Proxy Department, 10<sup>th</sup> Floor, 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 8 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 II (*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 11 October 2022.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Disposal . . . . .	16 September 2022
Publication and posting of this document and the Notice of General Meeting . . . . .	11 October 2022
Latest time and date for receipt of forms of proxy . . . . .	10:30 a.m. on 28 October 2022
Latest time and date for receipt of CREST proxy appointment instruction . . . . .	10:30 a.m. on 28 October 2022
Latest time and date for receipt of proxy appointment via proxymity platform . . . . .	10:30 a.m. on 28 October 2022
Record time and date for entitlement to vote at the General Meeting . . . . .	6:00 p.m. on 28 October 2022
General Meeting . . . . .	10:30 a.m. on 1 November 2022
Expected date of Completion subject to the conditions being satisfied . . . . .	30 December 2022
Long Stop Date . . . . .	16 June 2023

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### 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	Chair
	Jonathan Lewis	Chief Executive Officer
	Tim Weller	Chief Financial Officer
	Georgina Harvey	Senior Independent Director
	Nneka Abulokwe OBE	Independent Non-Executive Director
	John Cresswell	Independent Non-Executive Director
	Neelam Dhawan	Independent Non-Executive Director
	Janine Goodchild	Employee Director
	Brian McArthur-Muscroft	Independent Non-Executive Director

**Company Secretary** Claire Denton

**Registered Office** 65 Gresham Street  
London  
EC2V 7NQ  
United Kingdom

**Sponsor** Barclays Bank PLC, acting through its Investment Bank  
1 Churchill Place  
Canary Wharf  
London  
E14 5HP  
United Kingdom

**Legal Adviser** Linklaters LLP  
One Silk Street  
London  
EC2Y 8HQ  
United Kingdom

**Reporting Accountant and Auditor** KPMG LLP  
15 Canada Square  
London  
E14 5GL  
United Kingdom

**Registrars** Link Group  
10<sup>th</sup> Floor  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL  
United Kingdom

## 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, the ongoing COVID-19 pandemic, changes in regulation and government policies, spending and procurement methodologies, geo-political conditions (including the Ukraine-Russia conflict), 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 II (*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 VI (*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 Pay360 for the current or future financial years will necessarily match or exceed the historical or published earnings of the Company or Pay360.

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 ON WEBSITE AND AVAILABILITY OF HARD COPIES**

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) or through Pay360's corporate website at [www.pay360.com](http://www.pay360.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, at 10<sup>th</sup> Floor, 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 VIII (*Definitions and Glossary*) of this document.

**PART I**  
**LETTER FROM THE CHAIR OF CAPITA PLC**

(incorporated in England and Wales with registered number 02081330)

65 Gresham Street  
London  
EC2V 7NQ  
United Kingdom

11 October 2022

Dear Shareholder

**Proposed disposal of Capita's Pay360 payment solutions business  
and  
Notice of General Meeting**

**1 Introduction**

Capita continues to make material progress in its strategy to build a more focused, sustainable business for the long-term through the disposal of non-core businesses that have little overlap or cross-sell with the rest of the Group. During the first half of 2022, the Group completed the disposal of four businesses: AMT Sybex, Secure Solutions and Services, Speciality Insurance and Trustmarque and the Group has received over £750m from its disposal programme started in 2021.

The sale of Capita Real Estate and Infrastructure and GL Hearn, two real estate and infrastructure consultancy businesses, to WSP for £69m was completed on 22 September 2022 and marks another significant step in strengthening the Group's balance sheet.

On 16 September 2022, Capita announced its agreement to dispose of its shareholding in Pay360 Limited ("**Pay360**") to Access PaySuite Ltd (the "**Purchaser**") (the "**Transaction**"). Pay360 is wholly owned by Capita Holdings Limited (the "**Seller**" or "**CHL**"). The disposal by Capita of its 100 per cent. interest in Pay360 to the Purchaser (the "**Disposal**") reaffirms Capita's commitment to continuing to execute its overall strategy to simplify and strengthen the Group and its operations, focusing on capabilities which are better aligned with, and support, its core markets and offerings in consulting, transformation and digital business process outsourcing.

In order to effect the Disposal, CHL, a wholly owned subsidiary of Capita, has entered into a conditional share purchase agreement with the Purchaser and Access UK Ltd (the "**Purchaser's Guarantor**") (the "**Sale Agreement**"). The principal terms of the Sale Agreement are set out in Part III (*Summary of the Transaction Agreements*) of this document.

The total consideration payable by the Purchaser represents an enterprise value of £150m for Pay360 on a cash-free, debt-free basis, representing a 14.3x multiple on Pay360's 2021 EBITDA of £10.5m. The net cash proceeds from the Disposal receivable by the Continuing Group at Completion, which includes certain adjustments, including for working capital and cash-like and debt-like items, are expected to be £142.9m after costs and expenses of £12.8m associated with the Disposal.

The Disposal realises material value for Shareholders and the proceeds of the Disposal will provide the Continuing Group with additional liquidity to strengthen the Continuing Group's balance sheet and reduce indebtedness, improve the Group's pension funding position as well as support Capita's strategy to build a more focused, sustainable business for the long-term.

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 Listing Rules and is therefore 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 Linklaters LLP, One Silk Street, London EC2Y 8HQ at 10:30 a.m. on 1 November 2022. The Disposal is also subject to other conditions which are summarised in Part III (*Summary of the Transaction Agreements*) of this document.

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 1,900,454 Shares, representing approximately 0.113 per cent. of the Company's existing issued ordinary share capital (excluding treasury shares) at the Latest Practicable Date.

**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**

Since 2018, Capita has made significant progress in disposing of its non-core businesses as part of its strategy towards building a more focused, sustainable Capita for the long-term.

Pay360 has been a valuable component of the Group since the Company launched Capita Payment Services in 2000. After the Group acquired and integrated Paypoint.net into Capita Payment Services in 2016, the business was rebranded to Pay360. The Company's ownership and significant investment in the past five years has allowed Pay360 to become a leading player in the UK public sector payments market with a track record of product innovation and delivery.

However, Pay360 has been a standalone business historically and comprises software products that the Company considers to have limited overlap or cross-sell with the Continuing Group and therefore are not considered by the Company to be core to achieving the Capita Experience division's strategic priorities. The Company believes that Pay360's interests are best served by new ownership, in order to allow Pay360 to reach its full potential. Therefore, the Company has concluded that it is now the right time to carry out the Disposal.

Further, the Disposal will provide the Group with additional liquidity to strengthen the Continuing Group's balance sheet, reduce indebtedness and improve the Group's pension funding position.

As a result, in June 2022 the Company commenced a competitive process to sell Pay360.

## **3 Information on Pay360**

Pay360 is a UK-based, FCA regulated payments business with c.2,500 customers across the public and private sectors.

In 2021, the business processed £8.6bn in transaction value across 142 million transactions.

Pay360 has strong capabilities across the payments value chain and has a track record of innovation and delivery of new payment solutions. Pay360 offers two specialised gateways serving core markets in the public and private sectors, assisting customers in finding the lowest cost services for domestic and international payment processing. Pay360 provides value beyond payment processing through its depth and breadth of payment solutions, providing omni-channel payment methods, identification and verification, income management and fraud prevention as part of its offering.

Pay360 is the market leader in the UK public sector for local authority payments and has longstanding customer relationships with an average tenure of 11+ years, with high customer retention rates amongst local authorities.

In 2021, Pay360 generated c.£45.8m of gross revenue and c.£10.5m of EBITDA.

### **Trading results for Pay360**

The table below summarises the trading results of Pay360 for the three years ended 31 December 2019, 2020 and 2021 and for the six months ended 30 June 2022.

	Six months ended 30 June 2022	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2019
<b>£m</b>				
<b>Revenue</b> . . . . .	27.3	45.8	37.3	43.7
<b>Operating profit</b> . . . . .	3.1	7.2	(1.6)	7.4
<b>(Loss)/profit before tax</b> . . . . .	3.1	7.1	(1.8)	7.4
<b>(Loss)/profit for the year</b> . . . . .	2.5	5.8	(1.5)	6.0

Unless otherwise stated, the financial information set out in this paragraph 3 has been extracted from Part IV (*Historical Financial Information on Pay360*) of this document. Shareholders should read the

whole of this document and should not rely solely on the summarised financial information set out above.

#### **4 Financial effects of the Disposal and use of proceeds**

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

As Capita holds 100 per cent. of Pay360, the Group's consolidated accounts include Pay360.

For the six months ended 30 June 2022, Pay360 contributed operating profit of £3.1m to the Group. As at 30 June 2022, the total assets of Pay360 were £63.6m.

Following Completion, the Continuing Group will no longer receive the contribution Pay360 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 30 June 2022, which has been prepared for illustrative purposes only, is set out in Part V (*Unaudited Pro Forma Statement of Net Assets*) of this document.

##### ***Use of proceeds***

The net cash proceeds from the Disposal receivable by the Continuing Group at Completion, which includes certain adjustments, including for working capital and cash-like and debt-like items, are expected to be £142.9m after costs and expenses of £12.8m associated with the Disposal.

The net cash proceeds receivable by CHL at Completion will provide the Continuing Group with additional liquidity to strengthen the Continuing Group's balance sheet and reduce indebtedness, improve the Group's pension funding position as well as support Capita's strategy to build a more focused, sustainable business for the long-term.

#### **5 Information on the Continuing Group and future strategy**

Following the Disposal, the Continuing Group will continue to implement the Group's strategy to build a more focused, sustainable business for the long-term.

Specifically, as part of the next stage of the Group's strategy, the Continuing Group will look to complete its disposals from the Capita Portfolio division, which will provide additional liquidity to strengthen the Continuing Group's balance sheet and meet its upcoming debt maturities, fund committed deficit recovery payments to the Group's defined benefit pension scheme and will allow the Group to invest in its core businesses. In addition, the simplified structure comprising two core, client-facing divisions (Capita Public Service and Capita Experience) will enable the Group to reduce internal structural inefficiencies and drive further productivity improvements through centralisation and standardisation, among other things.

Capita has £205m of debt maturities due over the next two years under its US PP Notes and Euro Notes. In addition, the Group's Forward Start RCF Agreement has been extended to August 2024. Capita plans to address these debt maturities and to put in place a longer-term financing solution when market conditions make this attractive, through the issuance of new longer-term debt funding.

Over the last year, Capita has made good progress on the implementation of its strategy. In particular:

- Capita is delivering contract wins that will underpin revenue growth, as it leverages scale and client insight alongside its re-established operational reliability. The focus of the two core divisions into market verticals has enabled the Group to bring a range of products and capabilities together that target specific client needs. In the first half of 2022, the Group won £1.6bn of total contract value.
- Looking ahead, the Group continues to build and replenish its pipeline of new opportunities. The 2022 unweighted total contract value pipeline, as of 30 June 2022, is at £14.4bn (compared to £13.9bn as at 31 December 2021). This is split between Capita Public Service (c.£8.5bn) and Capita Experience (c.£5.4bn), showing that significant opportunities exist in both divisions.
- The Group continued to strengthen the balance sheet during the first half of the year, with net debt reducing to £710.4m and net financial debt (excluding the impact of lease liability) reducing to £289.3m as at 30 June 2022 (from £879.8m and £431.4m, respectively, as at 31 December 2021). This was due to a combination of positive free cash flow and the programme for exiting assets in the Capita Portfolio division that is currently underway. These disposals have

contributed to strengthening Capita's balance sheet and will support the fulfilment of Capita's upcoming debt maturities.

## 6 Trend information

On 5 August 2022, the Company published its results for the six months ended 30 June 2022. The Chief Executive Officer noted that:

*"Our performance has been in line with our expectations. We have increased adjusted revenue, profit and free cash flow; and further reduced debt and strengthened the balance sheet.*

*Operationally, we have remained strong, continuing to deliver successfully for our many clients in both the public and private sectors.*

*As our reputation for delivery and digital transformation services increases, we have secured a series of important contract wins and renewals, as well as growing the amount of work won with new clients.*

*We are well positioned for growth in the second half of the year and beyond; and our full-year commitments remain on track.*

*All of this has been achieved against the ongoing backdrop of Covid-19 and increasing economic challenges..."*

The results announcement included the following summaries of the significant trends in the financial and operational performance of the Group for this period:

*"Adjusted revenue grew by 0.6% year on year at £1,480.1m (H1 2021: £1,471.9m), Public Service grew by 0.8% as the division benefited from a full half year of revenue from the Royal Navy training contract and the Job Entry Targeted Support (JETS) contract in Scotland, offsetting the absence of Covid contracts delivered last year and some limited local government contract losses. Revenue in Experience stabilised as the impact from historic lost contracts rolled off and there was a positive benefit from the Trade Republic contract won in 2021 and the first month of the ScottishPower contract. We also saw strong revenue growth in the Portfolio division as Covid-affected businesses recovered well, in particular the Agiito travel business and Enforcement, despite some impact from omicron-constraints in the first half.*

*Adjusted profit before tax for the half year increased by £35.9m to £37.0m (H1 2021: £1.1m). This has been delivered by the recovery of the Portfolio division, the timing of milestones on some of our larger contracts in the core divisions, the cessation of major restructuring spend and by the benefit at the Group level of overhead cost savings, offsetting the accrual for the commitment to repay £4.9m of 2021 furlough-related income as announced in May.*

*Reported profit before tax decreased to £0.1m (H1 2021: £261.1m) as a result of the impact of business exits and a non-cash goodwill impairment in our Portfolio division.*

*Free cash flow before business exits improved by £71.9m to £12.7m (H1 2021: outflow £59.2m) reflecting an improvement in underlying cash generation and the step down in pension deficit contributions.*

*Net debt at 30 June 2022 was £169.4m lower at £710.4m (31 December 2021: £879.8m) as a result of the improving free cash flow and the receipt of disposal proceeds. We have repaid £82m of debt so far this year, with approximately £140m due to be paid in the second half. Pre-IFRS 16 net financial debt was £289.3m (31 December 2021: £431.4m)...*

*... The order book at 30 June 2022 was £5.9bn (31 December 2021: £6.1bn), with £1.1bn recognised in the first half and £0.9bn won in order book-qualifying revenue, as well as reflecting the impact of disposals. Book to bill has remained at above 1x, a positive indicator of future growth, and is now at 1.1x at the half year, with the Experience division at 1.4x, its highest in several years. Public Service has fallen to 0.8x, mainly due to the timing of bid opportunities. We expect Group book to bill to increase by year end as significant pipeline opportunities crystallise...*

*...We are now more aligned to our markets in our approach to revenue growth. Our structure in both divisions is more client-centric, with verticals that are focused on specific market sectors and client partners that lead those verticals, who have deep levels of sector understanding and experience, now solely dedicated to understanding those client needs. They are also helping to generate consulting work that spearheads our Consult, Transform, Deliver service model...*

*...With a better understanding of our clients' needs and more focused capabilities, and with a more stable revenue base, we expect to deliver higher rates of revenue growth through targeting new scopes of work and new clients, with our sales teams explicitly incentivised to focus on the latter...*

*...Our win rates remain good, at 83% overall, up from 76% last year, demonstrating strong competitive positioning in the market. Win rates on renewals have increased slightly from the year end and are now at 95% for the first half, with Experience at 99%. Our win rates on growth on account and new business have decreased slightly, mainly because of the impact of the Royal Navy Training contract. The Experience division is seeing progress with its win rate on new business, now at 48% from 26%."*

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

Other than as set out in paragraph 12.1 of Part VI (*Additional Information*) of this document, there has been no significant change in the financial position or financial performance of the Continuing Group since 30 June 2022, being the end of the last financial period for which financial information on the Group has been published.

## **7 Information on the Purchaser**

The Purchaser, Access PaySuite Ltd, is a private limited company incorporated in England and Wales and is part of the Access Group.

The Access group was founded in 1991 and is one of the leading providers of business management software to mid-sized organisations in the UK, Ireland, and Asia Pacific with more than 60,000 customers across commercial, public and not-for-profit sectors. Access PaySuite Ltd is a leading provider of payment solutions to mid-sized UK organisations, combining payments expertise with SaaS experience to help more than 5,000 customers across commercial and not for profit sectors improve their payment solutions.

## **8 Terms of the Disposal**

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

## **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 II (*Risk Factors*) of this document.

## **10 General Meeting**

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 Linklaters LLP, One Silk Street, London EC2Y 8HQ at 10:30 a.m. on 1 November 2022, as set out in section 12 of this letter (the "**Notice of General Meeting**") at which the Resolution to approve the Disposal will be proposed.

## **11 Importance of your vote**

The Resolution must be passed by Shareholders at the General Meeting in order for the Disposal to proceed. The proceeds of the Disposal will provide the Continuing Group with additional liquidity to strengthen the Continuing Group's balance sheet and reduce indebtedness, improve the Continuing Group's pension funding position as well as support Capita's strategy to build a more focused, sustainable business for the long-term.

The Company is of the opinion that, after taking into account the net 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 base case and reasonable worst case downside scenarios, both where the Disposal proceeds and where the Disposal does not proceed.

If the Continuing Group's results over the relevant period were to be in line with the Company's current base case scenario, it would not be in breach of the financial covenants contained in its financing documents or have insufficient liquidity headroom at any point within the 12-month period covered by the working capital statement set out in Part VI (*Additional Information*) of this document, even if the Disposal does not proceed. The Company confirms that its outlook remains unchanged from that outlined in the Company's Half Year results announcement dated 5 August 2022, in which it was announced that the Company's trading for the year-to-date 2022 was "in line with our expectations".

If, however, the reasonable worst case downside scenario were to occur and the Disposal were not to proceed, and no additional mitigating actions (including the successful execution of the planned Capita disposals) were able to be taken by the Company, it would not be in breach of the financial covenants contained in its financing documents, but would have to operate with low levels of liquidity headroom during the 12-month period covered by the working capital statement set out in Part VI (*Additional Information*) of this document.

If the reasonable worst case downside scenario were to occur and the Disposal were not to proceed, and the Company had not received proceeds from any of the other planned Capita Portfolio disposals, and the Company were to anticipate that low levels of liquidity within 12 months from the date of publication of this document was a possibility, the Company expects that it would take mitigating actions including, but not limited to, accelerating a disposal or disposals of other assets (including, but not limited to accelerating planned Capita Portfolio disposals), 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 (which could include an equity raise). Other than accelerating a disposal or disposals of other assets, seeking extensions to existing facilities, raising new debt and seeking other forms of funding, the Company considers these mitigating actions to be within its control.

There are a number of challenges to the implementation of the actions outlined above, and there can 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. 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.

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

In circumstances where the Company has insufficient liquidity to meet its liabilities as they fall due, the relevant contract, loan or note documentation under which the Company has failed to meet its liabilities as they fall due may permit the relevant creditors to 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. The total outstanding balance and commitments under the Company's financing arrangements in place as at the date of this document, being the Forward Start RCF Agreement, the US PP Notes, the Euro Notes and the Schuldschein Loan, is expected to be up to approximately £700m during the 12-month period covered by the working capital statement set out in Part VI (*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 Forward Start 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, 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 £700m. 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 (such as through a pre-emptive or non-pre-emptive equity issuance, a new equity restructuring either with private capital investors or by a conversion by the Company's lenders of existing debt into equity) 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 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 in a reasonable worst case downside scenario the Company's low levels of liquidity headroom will be sufficient, 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.

The General Meeting will be held as a physical meeting. Capita will continue to closely monitor the latest Government guidance in respect of COVID-19 and how this may affect the arrangements for the General Meeting. If the UK Government reintroduces restrictions on public gatherings before the date of the General Meeting, the Company may be required to revise these arrangements, including by limiting physical attendance at the General Meeting. In such circumstances, the Company will make an announcement setting out the revised arrangements. If it becomes necessary or appropriate to revise the current arrangements for the General Meeting, further information will be made available on our website at <http://www.capita.com/investors/shareholder-information> and/or via a Regulatory Information Service. Shareholders should therefore monitor the Company's website and regulatory news announcements for any updates relating to the General Meeting.

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 10:30 a.m. on 28 October 2022. 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, Proxy Department (under CREST participant ID RA10) by no later than 10:30 a.m. on 28 October 2022. 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 10:30 a.m. on 28 October 2022 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 [enquiries@linkgroup.co.uk](mailto:enquiries@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, Proxy Department at 10<sup>th</sup> Floor, 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 4 of this document. Your attention is drawn to the further information contained in Parts II (*Risk Factors*) to VI (*Additional Information*) of this document. **Shareholders should read the whole of this document and not rely solely on information summarised in this letter.**

### **14 Recommendation**

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

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 1,900,454 Shares, representing approximately 0.113 per cent. of the Company's existing issued ordinary share capital (excluding treasury shares) at the Latest Practicable Date.

Yours faithfully



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**David Lowden**  
Chair

## PART II

### RISK FACTORS

*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 II 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 II.*

#### **1 Risks relating to the Continuing Group's liquidity position**

##### **1.1 The Continuing Group would have 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 net 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.

In connection with the Disposal and as part of the Group's business forecasting 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 base case and reasonable worst case downside scenarios, both where the Disposal proceeds and where the Disposal does not proceed.

If the reasonable worst case downside scenario were to occur and the Disposal were not to proceed, and no additional mitigating actions (including the successful execution of the planned Capita disposals) were able to be taken by the Company, it would not be in breach of the financial covenants contained in its financing documents, but would have to operate with low levels of liquidity headroom during the 12-month period from the date of publication of this document.

If the reasonable worst case downside scenario were to occur and the Disposal were not to proceed, and the Company had not received proceeds from any of the other planned Capita Portfolio disposals, and the Company were to anticipate that low levels of liquidity within 12 months from the date of publication of this document was a possibility, the Company expects that it would take mitigating actions including, but not limited to, accelerating a disposal or disposals of other assets (including, but not limited to accelerating planned Capita Portfolio disposals), 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 (which could include an equity raise). Other than accelerating a disposal or disposals of other assets, seeking extensions to existing facilities, raising new debt and seeking other forms of funding, the Company considers these mitigating actions to be within its control.



There are a number of challenges to the implementation of the actions outlined above, and there can 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. 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.

In circumstances where the Company has insufficient liquidity to meet its liabilities as they fall due, creditors may be able to demand the accelerated payment in full of the amounts 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. If an event of default were to occur the Company may need to take alternative measures or seek to re-engage with creditors to obtain an amendment or waiver or seek extensions to existing debt facilities. 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.

The Board accordingly 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:

2.1.1 the approval (by ordinary resolution) of the Disposal by the Shareholders (the **"Shareholder Condition"**);

2.1.2 following submission of a notification to the Investment Security Unit in the Department for Business, Energy and Industrial Strategy under the National Security & Investment Act 2021 (**"NSIA"**) in respect of the Disposal, a notification having been accepted and:

- (a) the Secretary of State for Business, Energy and Industrial Strategy (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
- (b) 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
- (c) 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"**); and

2.1.3 the Purchaser having obtained:

- (a) the FCA's unconditional approval to the acquisition of control of Pay360 by the Purchaser (and each other person required to give a notice under section 178 of FSMA) in accordance with section 189(4)(a) of FSMA; or
- (b) the FCA's conditional approval to the acquisition of control of Pay360 by the Purchaser (and each other person required to give a notice under section 178 of FSMA) under the procedure set out in section 189 of FSMA, together with evidence from the Purchaser that the conditions referred to in the approval have been met (if applicable); or
- (c) the FCA being treated as having approved the acquisition of control of Pay360 by the Purchaser (and each other person required to give a notice under section 178 of FSMA) in accordance with section 189(6) of FSMA,

(the **"FCA 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 II 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 limited indemnities and 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 as well as certain limited indemnities in respect of the operation of Pay360 prior to Completion. 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 given by the Seller, the Seller retains liability in respect of customary fundamental warranties and the limited indemnities. Any liability to make a payment arising from a successful claim by the Purchaser under these warranties or indemnities would reduce the net 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 Pay360**

The Sale Agreement requires the Seller to continue operating Pay360 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 Pay360 prior to Completion. If key management and employees decide to leave, Pay360 may encounter additional costs in recruiting and there is no guarantee that it will identify appropriate replacements.

## **2.4 Separation of Pay360 may have a disruptive effect on the Continuing Group**

In order to facilitate the separation of Pay360 from the Continuing Group, CBSL will enter into a Transitional Services Agreement with Pay360, pursuant to which CBSL will agree to provide or procure the provision of certain services relating to Pay360 for a period following Completion in exchange for a fee.

In addition, certain members of the Continuing Group will continue to provide services to Pay360 pursuant to certain commercial services agreements entered into on an arm's length basis. In addition, Pay360 will also provide some services to the Continuing Group under 'reverse' commercial services agreements entered into on an arm's length basis.

There is no guarantee that these services will be provided or procured without disruption to the business of the Continuing Group and the Continuing Group could incur unexpected material additional costs and/or adverse impacts on the functioning of its business as a result of the fulfilment of its obligations under the Transitional Services Agreement or the commercial and reverse commercial services agreements, which in each case may adversely affect the Continuing Group's business, results of operations and financial condition.

# **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, the NSIA Condition and the FCA Condition being satisfied. If Completion does not take place, the Continuing Group will not receive the 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 Continuing Group intends to use the net proceeds of the Disposal payable at Completion to provide additional liquidity to strengthen the Continuing Group's balance sheet and reduce indebtedness, improve the Group's pension funding position as well as support Capita's strategy to build a more focused, sustainable business for the long-term.

If Completion does not take place, the Continuing Group will not receive the 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.

Furthermore, if Completion does not take place, Pay360 will remain part of the Group, which may result in a delay in achieving the strategic objectives of the Capita Experience division and the Group.

### **3.2 There may be an adverse impact on the value of Pay360 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 Pay360. If Completion does not take place, the realisable value of the Group's interest in Pay360 may be lower than can be realised by way of the Disposal.

This could result in the value of the Group's interest in Pay360 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 Pay360 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 Pay360 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 Continuing Group's ability to obtain new financing may be reduced**

Following the Disposal, the Continuing Group will no longer receive the contribution that Pay360 currently makes to the net operating profit, EBITDA and free cash flow of the Group as Pay360 will no longer be consolidated in the Continuing Group's accounts. This may impact the ability of the Continuing Group to secure financing and may increase the Continuing Group's cost of borrowing and/or make it more difficult for the Continuing Group to obtain new or replacement financing over the short-to-medium term, which could in turn adversely impact the Continuing Group's business, results of operations, financial condition and prospects.

### **4.3 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 the Continuing Group's simplification 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 and/or the Company may not receive the expected proceeds from the planned Capita Portfolio disposals. 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 re-evaluate 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, accelerating a disposal or disposals of other assets, raising new debt, ceasing discretionary spending, reducing senior management remuneration, reducing or ceasing capital expenditure, increasing cost efficiencies, delaying certain payments and/or accelerating cash receipts and/or seeking other forms of funding, which could include an equity raise. Other than accelerating a disposal or disposals of other assets, raising new debt and seeking other forms of funding, the Company considers these actions to be within its control.

#### **4.4 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 (particularly as Pay360 forms part of Capita Experience as opposed to Capita Portfolio) 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.

The Continuing Group's ongoing disposal plans may create uncertainty for certain employees within the Continuing Group and may adversely affect the ability of the Continuing Group to attract and retain talented employees. This may in turn adversely affect the Continuing Group's ability to implement its current strategy of delivering revenue growth, a stronger balance sheet and sustainable cash flow.

#### **4.5 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 (including the Ukraine-Russia conflict), volatility and/or price increases in the UK or global energy market, volatility in world markets and any continuing issues associated with the COVID-19 pandemic. 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.

#### **4.6 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 (including the Ukraine-Russia conflict and the COVID-19 pandemic and any new variants), 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 III**

### **SUMMARY OF THE TRANSACTION AGREEMENTS**

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 VI (*Additional Information*) of this document.

#### **1 Sale Agreement**

The Sale Agreement was entered into on 16 September 2022 between the Seller, the Purchaser and the Purchaser's Guarantor to give effect to the Disposal. Pursuant to the Sale Agreement, the Seller shall sell the entire issued share capital of Pay360 to the Purchaser, subject to the conditions described in paragraph 1.1 of this Part III.

##### **1.1 Conditions Precedent**

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

- 1.1.1 the Shareholder Condition;
- 1.1.2 the NSIA Condition; and
- 1.1.3 the FCA Condition.

##### **1.2 Consideration**

The cash consideration payable at Completion values Pay360 at £150m on a cash-free, debt-free basis, representing a 14.3x multiple to 2021 EBITDA of £10.5m.

The net cash proceeds from the Disposal receivable by the Seller at Completion, which includes certain adjustments, including for working capital and cash-like and debt-like items, are expected to be £142.9m after costs and expenses of £12.8m associated with the Disposal.

##### **1.3 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 Pay360 carries on its business as a going concern in the ordinary course until Completion.

##### **1.4 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, for a period of 12 months after Completion and within the United Kingdom: (a) be engaged in or interested in any business which is of the same or similar type to the business of Pay360 and which directly competes with the business of Pay360 as at Completion; and (b) entice away or solicit, or procure or assist any recruitment agency or assist any third party to solicit, the employment or engagement of any employee of Pay360 with a gross annual remuneration in excess of £90,000. This is subject to customary exclusions relating to (i) the undertaking of any ordinary course recruitment activity, engaging any recruitment agency or making any general advertisement provided that such recruitment agency is not encouraged to approach, and such general advertisement is not targeted at, the employee concerned; or (ii) employing or seeking to employ any person whose employment has been terminated by the Purchaser or Pay360 after Completion.

##### **1.5 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 title, capacity, authority, financing and solvency matters in favour of the Seller under the Sale Agreement.

The Seller has also agreed to indemnify Pay360, the Purchaser and any relevant members of the Purchaser's Group for losses arising in respect of: (i) any non-compliance with the FCA's regulatory capital requirements as applicable to Pay360 at any time prior to Completion; (ii) certain employment liabilities which may be incurred in connection with the transfers of employees from a member of the Continuing Group to Pay360 pursuant to TUPE; and (iii) cyber security breach prior to Completion that affects Pay360's IT and software and causes material disruption or interruption.

## **1.6 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 (excluding the fundamental warranties) and tax claims under the Sale Agreement shall not exceed £1.

The maximum aggregate liability of the Seller for all claims (including indemnity claims and claims relating to a breach of the fundamental warranties) under the Sale Agreement shall not exceed the aggregate consideration payable by the Purchaser to the Seller under the Sale Agreement, except that the maximum aggregate liability of the Seller is limited to £5m in respect of the cyber related indemnity and limited to the maximum amount payable under TUPE to the relevant employees in respect of the TUPE related indemnity.

No claims may be brought by the Purchaser unless notice is received in accordance with the Sale Agreement: (a) in respect of any indemnity claim or warranty claims (other than warranties or indemnities relating to tax), within 12 months of the date of Completion; (b) in respect of tax claims, within four years of the date of Completion; (c) in respect of any other claim or the tax indemnity in respect of intercompany loan balances, within 24 months of the date of Completion; and (d) in respect of any TUPE related indemnity claim, within six months of the date of Completion.

The Seller shall not be liable for any indemnity claim unless the claim (or aggregate claims based on similar facts) exceeds £250,000 and the liability of the Seller shall be limited to the amount of the excess.

## **1.7 Purchaser's Guarantor**

The Purchaser's Guarantor guarantees to the Seller the performance by the Purchaser of its obligations under the Sale Agreement and the Tax Indemnity.

## **1.8 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 Tax Indemnity**

The Seller has agreed to pay the Purchaser the amount of (in summary) any tax liabilities arising to Pay360 that are attributable to: (a) the period up to and including Completion, and (b) the consolidation and settlement of intercompany loan balances between Pay360 and the Continuing Group. This is subject to exclusions customary for a transaction of this nature. The liability of the Seller under the Tax Indemnity is limited to £1, except in respect of limb (b) above where the liability of the Seller is instead limited to the aggregate consideration payable under the Sale Agreement. The Tax Indemnity also includes other customary provisions relating to, amongst other things, notification of claims, management of tax affairs, withholdings and gross-ups and arrangements concerning tax groupings between Pay360 and the Continuing Group.

# **3 Transitional Services Agreement**

## **3.1 Scope**

The Transitional Services Agreement (the "TSA") will be entered into at Completion between CBSL and Pay360 to govern the separation and transition of Pay360 from the Continuing Group.

Pursuant to the TSA, CBSL will provide (or procure the provision of) certain transitional services, including in relation to finance, group and expense systems, HR, payroll, property and IT (the “**TSA Services**”) to Pay360 on the terms of the TSA, and the parties will co-operate to achieve separation of Pay360 from the Continuing Group and migration of Pay360 from the TSA Services.

### **3.2 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 Pay360. The charges will be payable on a monthly basis and depending on the TSA Services they will be calculated based on the cost to CBSL of providing the service or at a specified rate for each Pay360 employee 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.

### **3.3 Third party consents**

Pay360 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 Pay360.

### **3.4 Limitations on liabilities**

Each party's aggregate liability under the TSA will be limited to £1,000,000.

### **3.5 Term and termination**

Provision of the TSA Services will commence from Completion, and each TSA Service has a service term of between three months and 12 months or until expiry of current licence arrangements. The service terms are set out in a schedule to the TSA.

Pay360 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 Pay360 wishes to continue having provided to it, and subject to paying any early termination costs incurred by CBSL. Each of Pay360 and CBSL 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.

CBSL may suspend one or more of the TSA Services where the undisputed amount of service charges which remain unpaid for those TSA Services after the due date for payment exceeds a specified amount, provided CBSL has given Pay360 five business days' notice of its intention to suspend. This non-payment may also be treated as a material breach of the TSA which gives rise to a right for CBSL to terminate the TSA if the breach is not remedied.

### **3.6 Governing 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 IV

### HISTORICAL FINANCIAL INFORMATION ON PAY360

The following historical financial information relating to Pay360 has been extracted without material adjustments from the consolidation schedules that underlie the Company's audited consolidated financial statements for the three years ended 31 December 2021, 31 December 2020 and 31 December 2019 subject to the notes referred to within the tables.

The financial information as at and for the six-month period ended 30 June 2022 has been extracted without material adjustment from the consolidation schedules that underlie the Company's consolidated financial statements as at and for the six months ended 30 June 2022.

The financial information contained in this Part IV does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 and has not been audited.

The independent auditor's reports of the Company for the years ended 31 December 2021 and 31 December 2020: (i) were 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.

The independent auditor's report of the Company for the year ended 31 December 2019: (i) was 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.

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

#### 1 Income statement

<u>(£m)</u>	<u>Six months ended 30 June 2022</u>	<u>Year ended 31 December 2021</u>	<u>Year ended 31 December 2020</u>	<u>Year ended 31 December 2019</u>
<b>Revenue</b> . . . . .	27.3	45.8	37.3	43.7
Cost of sales . . . . .	(18.8)	(28.7)	(26.4)	(27.4)
<b>Gross profit</b> . . . . .	<b>8.5</b>	<b>17.1</b>	<b>10.9</b>	<b>16.3</b>
Administrative expenses . . . . .	(5.4)	(9.9)	(12.5)	(8.9)
<b>Operating profit</b> . . . . .	<b>3.1</b>	<b>7.2</b>	<b>(1.6)</b>	<b>7.4</b>
Net finance costs . . . . .	—	(0.1)	(0.2)	—
<b>(Loss)/profit before tax</b> . . . . .	<b>3.1</b>	<b>7.1</b>	<b>(1.8)</b>	<b>7.4</b>
Income tax credit/(charge) <sup>(1)</sup> . . . . .	(0.6)	(1.3)	0.3	(1.4)
<b>(Loss)/profit for the year</b> . . . . .	<b>2.5</b>	<b>5.8</b>	<b>(1.5)</b>	<b>6.0</b>

Notes:

- (1) Tax on the profit for the periods comprise current and deferred 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. for all tax years since 1 April 2017), and any adjustment to tax payable in respect of previous years. Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

## 2 Balance sheet

(£m)	As at 30 June 2022	As at 31 December 2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment . . . . .	—	0.2
Intangible assets . . . . .	19.3	19.2
Goodwill . . . . .	11.9	11.9
Right-of-use assets . . . . .	—	—
Investments in associates and joint ventures . . . . .	—	—
Contract fulfilment assets . . . . .	3.0	3.3
Financial assets . . . . .	—	—
Deferred tax assets . . . . .	1.1	1.1
Employee benefits . . . . .	—	—
Trade and other receivables . . . . .	18.8	21.1
	<b>54.1</b>	<b>56.8</b>
<b>Current assets</b>		
Financial assets . . . . .	—	—
Pay360 assets held-for-sale . . . . .	—	—
Trade and other receivables . . . . .	9.5	7.2
Cash . . . . .	—	—
Income tax receivable . . . . .	—	—
	<b>9.5</b>	<b>7.2</b>
<b>TOTAL ASSETS</b>	<b>63.6</b>	<b>64.0</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables . . . . .	2.7	2.8
Deferred income . . . . .	10.4	8.6
Overdrafts . . . . .	18.0	18.9
Lease liabilities . . . . .	—	—
Pay360 liabilities held-for-sale . . . . .	—	—
Financial liabilities . . . . .	—	—
Provisions . . . . .	—	—
Income tax payable <sup>(1)</sup> . . . . .	0.6	1.4
	<b>31.7</b>	<b>31.7</b>
<b>Non-current liabilities</b>		
Trade and other payables . . . . .	—	—
Deferred income . . . . .	—	—
Lease liabilities . . . . .	—	—
Financial liabilities . . . . .	—	—
Deferred tax liabilities . . . . .	—	—
Provisions . . . . .	—	—
Employee benefits . . . . .	—	—
	<b>—</b>	<b>—</b>
<b>TOTAL LIABILITIES</b>	<b>31.7</b>	<b>31.7</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>31.9</b>	<b>32.3</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 the income statement in section 1 of this Part IV.

**PART V**  
**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 30 June 2022. 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 30 June 2022 and has been prepared on the basis that Disposal was effective as of 30 June 2022 and in a manner consistent with the accounting policies adopted in the Company's financial statements for the year ended 31 December 2021.

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 30 June 2022.

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

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

**SECTION A: UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE CONTINUING GROUP AS AT 30 JUNE 2022**

<b>(£m)</b>	<b>Group as at 30 June 2022</b>	<b>Adjustments</b>					<b>Pro forma net assets</b>
		<b>Other Group disposals</b>	<b>Removal of net assets of Pay360</b>	<b>Pay360 disposal proceeds</b>	<b>Adjustment for intercompany eliminations</b>	<b>Deferred tax release</b>	
	<b>Note 1</b>	<b>Note 2</b>	<b>Note 3</b>	<b>Note 4</b>	<b>Note 5</b>	<b>Note 6</b>	<b>Note 7</b>
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	113.3	(0.2)	—	—	—	—	113.1
Intangible assets	132.4	—	(19.3)	—	—	—	113.1
Goodwill	757.1	(61.7)	(11.9)	—	—	—	683.5
Right-of-use assets	266.1	(0.6)	—	—	—	—	265.5
Investments in associates and joint ventures	0.3	—	—	—	—	—	0.3
Contract fulfilment assets	282.7	—	(3.0)	—	—	—	279.7
Financial assets	119.7	—	—	—	—	—	119.7
Deferred tax assets	158.7	(6.1)	(1.1)	—	—	(22.9)	128.6
Employee benefits	166.2	1.3	—	14.2	—	—	181.7
Trade and other receivables	14.9	—	(18.8)	—	18.5	—	14.6
	<b>2,011.4</b>	<b>(67.3)</b>	<b>(54.1)</b>	<b>14.2</b>	<b>18.5</b>	<b>(22.9)</b>	<b>1,899.8</b>
<b>Current assets</b>							
Financial assets	25.9	—	—	—	—	—	25.9
Trade and other receivables	541.6	(24.1)	(9.5)	—	2.0	—	510.0
Cash	352.0	56.4	—	114.6	—	—	523.0
Income tax receivable	6.5	—	—	—	—	—	6.5
	<b>926.0</b>	<b>32.3</b>	<b>(9.5)</b>	<b>114.6</b>	<b>2.0</b>	<b>—</b>	<b>1,065.4</b>
<b>TOTAL ASSETS</b>	<b>2,937.4</b>	<b>(35.0)</b>	<b>(63.6)</b>	<b>128.8</b>	<b>20.5</b>	<b>(22.9)</b>	<b>2,965.2</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Trade and other payables	476.0	(9.4)	(2.7)	(1.5)	—	—	462.4
Deferred income	696.9	(4.6)	(10.4)	—	—	—	681.9
Overdrafts	225.6	—	(18.0)	—	—	—	207.6
Lease liabilities	59.7	(0.8)	—	—	—	—	58.9
Financial liabilities	186.0	—	—	—	—	—	186.0
Provisions	76.7	—	—	—	—	—	76.7
Income tax payable	—	(0.5)	(0.6)	—	—	—	(1.1)
	<b>1,720.9</b>	<b>(15.3)</b>	<b>(31.7)</b>	<b>(1.5)</b>	<b>—</b>	<b>—</b>	<b>1,672.4</b>
<b>Non-current liabilities</b>							
Trade and other payables	15.3	—	—	—	—	—	15.3
Deferred income	104.6	—	—	—	—	—	104.6
Lease liabilities	361.4	(0.2)	—	—	—	—	361.2
Financial liabilities	264.7	—	—	(14.2)	—	—	250.5
Deferred tax liabilities	5.9	—	—	—	—	—	5.9
Provisions	54.4	(0.6)	—	—	—	—	53.8
Employee benefits	3.9	—	—	—	—	—	3.9
	<b>810.2</b>	<b>(0.8)</b>	<b>—</b>	<b>(14.2)</b>	<b>—</b>	<b>—</b>	<b>795.2</b>
<b>TOTAL LIABILITIES</b>	<b>2,531.1</b>	<b>(16.1)</b>	<b>(31.7)</b>	<b>(15.7)</b>	<b>—</b>	<b>—</b>	<b>2,467.6</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>406.3</b>	<b>(18.9)</b>	<b>(31.9)</b>	<b>144.5</b>	<b>20.5</b>	<b>(22.9)</b>	<b>497.6</b>

Notes:

- (1) The information in this column has been extracted without adjustment from the Company's consolidated financial statements for the six months ended 30 June 2022, which have been incorporated by reference as described in Part VII (*Documentation Incorporated by Reference*) of this document.
- (2) The disposal of Capita Real Estate and Infrastructure and GL Hearn completed on 22 September 2022. Although not the subject of this circular, 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 the Capita Real Estate and Infrastructure and GL Hearn as at 30 June 2022 (£82.3m). Such information has been extracted without material adjustment from the consolidation schedules of the Group;

- b. reflects disposal proceeds of £62.7m received by the Group on completion of the disposal, net of transaction costs. Total expected transaction costs are £7.9m. £0.9m of these costs had been incurred and cash settled as of 30 June 2022, with a further £0.7m accrued for and presented in current trade and other payables as at 30 June 2022; and
  - c. includes an estimated Section 75 debt of £1.3m payable to the Capita Group defined benefit pension scheme following receipt of the net disposal proceeds.
- (3) This adjustment removes the net assets of Pay360 as at 30 June 2022 and has been extracted without material adjustment from Part IV (*Historical Financial Information on Pay360*) of this document.
- (4) This adjustment reflects the disposal proceeds receivable by the Continuing Group at Completion of £155.7m less transaction costs of £12.6m borne by the Continuing Group. Total expected transaction costs are £12.8m. £0.2m of these costs had been incurred and cash settled as of 30 June 2022, with a further £1.5m accrued for and presented in current trade and other payables as at 30 June 2022.
- This adjustment also reflects those contributions (£28.4m in aggregate) which are required to be made to the Capita Group defined benefit pension scheme together with any prepayment of certain of the Continuing Group's financial creditors following receipt of the net disposal proceeds.
- (5) Reflects an adjustment to eliminate intercompany balances between Pay360 and the rest of 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 2021.

## SECTION B: ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE CONTINUING GROUP AS AT 30 JUNE 2022



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

11 October 2022

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 V of the Class 1 circular dated 11 October 2022. 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 V, for illustrative purposes only, to provide information about how the Disposal 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 30 June 2022.

**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 VI

### ADDITIONAL INFORMATION

#### 1 Responsibility

The Company and the Directors, whose names are set out in section 3 of this Part VI 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
- Jonathan Lewis—Chief Executive Officer
- Tim Weller—Chief Financial Officer
- Georgina Harvey—Senior Independent Director
- Nneka Abulokwe OBE—Independent Non-Executive Director
- John Cresswell—Independent Non-Executive Director
- Neelam Dhawan—Independent Non-Executive Director
- Janine Goodchild—Employee Director
- Brian McArthur-Muscroft—Independent Non-Executive Director

#### 4 Directors' and senior managers' shareholdings and share interests

##### 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:

<u>Director</u>	<u>Number of beneficially held Shares</u>
David Lowden . . . . .	150,000
Jonathan Lewis . . . . .	1,411,109
Tim Weller . . . . .	267,845
Georgina Harvey . . . . .	6,000
Nneka Abulokwe OBE . . . . .	—
John Cresswell . . . . .	65,500
Neelam Dhawan . . . . .	—
Janine Goodchild . . . . .	—
Brian McArthur-Muscroft . . . . .	—



<u>Senior manager</u>	<u>Number of beneficially held Shares</u>
Mark Billingham . . . . .	—
Claire Denton . . . . .	—
Chantal Free . . . . .	166,450
Scott Hill . . . . .	—
Alistair Murray . . . . .	—
Kathy Quashie . . . . .	—
Manpreet Singh . . . . .	—

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 DAB, LTIP and CEP:

<u>Director</u>	<u>Date of grant</u>	<u>Plan (award type)</u>	<u>Number of Shares over which option/ award granted</u>	<u>Exercise price</u>	<u>Vesting period</u>	<u>Exercise period from vesting</u>
David Lowden . . . . .	—	—	—	—	—	—
Jonathan Lewis <sup>(1)</sup> . . . . .	21 March 2019	LTIP	1,782,786	Nil	3 years	12 months
	16 April 2020	LTIP	1,770,000	Nil	3 years	12 months
	21 March 2019	DAB	222,848	Nil	3 years	12 months
	12 May 2021	CEP (RSA)	2,169,100	Nil	3 years	39 months
	25 March 2022	CEP (DAB)	868,456	Nil	3 years	12 months
	4 April 2022	CEP (RSA)	3,481,985	Nil	3 years	39 months
Tim Weller <sup>(1)</sup> . . . . .	12 May 2021	CEP (RSA)	1,082,695	Nil	3 years	39 months
	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
Georgina Harvey . . . . .	—	—	—	—	—	—
Nneka Abulokwe OBE . . . . .	—	—	—	—	—	—
Neelam Dhawan . . . . .	—	—	—	—	—	—
John Cresswell . . . . .	—	—	—	—	—	—
Janine Goodchild . . . . .	—	—	—	—	—	—
Brian McArthur-Muscroft . . . . .	—	—	—	—	—	—

<u>Senior manager</u>	<u>Date of grant</u>	<u>Plan (award type)</u>	<u>Number of Shares over which option/ award granted</u>	<u>Exercise price</u>	<u>Vesting period</u>	<u>Exercise period from vesting</u>
Mark Billingham	4 April 2022	CEP (RSA) <sup>(2)</sup>	374,732	Nil	3 years	12 months
Claire Denton . .	4 April 2022	CEP (RSA) <sup>(2)</sup>	1,285,960	Nil	3 years	12 months
	20 May 2022	CEP (RSA)	370,593	Nil	13 months	12 months
Chantal Free . .	14 October 2019	LTIP	28,338	Nil	3 years	12 months
	16 April 2020	LTIP <sup>(2)</sup>	108,858	Nil	3 years	12 months
Scott Hill . . . . .	21 March 2019	LTIP	3,329	Nil	3 years	12 months
	16 April 2020	LTIP	45,536	Nil	3 years	12 months
	4 April 2022	CEP (RSA) <sup>(2)</sup>	872,824	Nil	3 years	12 months
Alastair Murray .	12 May 2021	CEP (RSA) <sup>(2)</sup>	183,101	Nil	3 years	12 months
	4 April 2022	CEP (RSA) <sup>(2)</sup>	366,795	Nil	3 years	12 months
Kathy Quashie .	4 April 2022	CEP (RSA) <sup>(2)</sup>	1,384,880	Nil	3 years	12 months
	20 May 2022	CEP (RSA)	395,680	Nil	13 months	12 months
Manpreet Singh	—	—	—	—	—	—

Notes:

- (1) Awards are subject to further holding periods of two years (for LTIP awards) and three years (for CEP (RSA) awards) after the vesting date.
- (2) LTIP and CEP (RSA) awards granted to senior managers in 2020, 2021 and 2022 vest annually, in equal tranches, over the three-year period. The exercise period applies to each tranche from that tranche's vesting date.

## 5 Directors' service contracts and letters of appointment

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	Notice Period
Jonathan Lewis . . . . .	1 December 2017	12 months
Tim Weller . . . . .	12 May 2021	12 months

#### **Jonathan Lewis**

Jonathan is employed as Chief Executive Officer under a service agreement with the Company which took effect on 1 December 2017. He is entitled to a base salary of £748,000 per annum, which was increased in line with the average increase for the UK workforce from 1 January 2022 (his first salary increase since appointment, when his salary was set at £725,000 per annum).

Jonathan is also entitled to an annual taxable cash payment in lieu of his pension allowance equal to five per cent. of the base salary. He is also entitled to receive a car allowance, a contribution towards the cost of an annual health assessment and benefits in kind, principally private health insurance, travel benefits, life insurance and access to other insurance schemes operated by the Company for himself, his spouse and his children. In addition, he is entitled to company sick pay and to participate in the Company's all-employee share plans. Jonathan is entitled to 27 days' paid holiday (in addition to public and statutory holidays in England and Wales). The Company will reimburse Jonathan for reasonable expenses properly incurred by him in performing his duties.

Jonathan's service contract is terminable by either party giving 12 months' written notice. Alternatively, the Company may terminate the employment by making a payment in lieu of notice of a sum equal to base salary and the value of contractual benefits and allowances (including pension allowance, but excluding bonus) in respect of any unexpired period of notice. The Company may pay such payment in lieu of notice in equal monthly instalments. He will be under an obligation to seek alternative income during his notice period and must notify the Company of any income so received. Any outstanding monthly instalment(s) shall be reduced by the amount of any such alternative income. He is subject to standard business protection provisions, including intellectual property and confidentiality undertakings, garden leave and post-termination restrictive covenants.

Jonathan is eligible to participate in the annual performance-related bonus plan with a maximum bonus opportunity of 200 per cent. of 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 150 per cent. of salary earned during the year. For the 2022 performance year, the amount of the award was 100 per cent. of salary. 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 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 salary earned during the year. For the 2022 performance year, the amount of the award was 100 per cent. of salary. 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:

Name	Date of Appointment	Notice Period
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
John Cresswell . . . . .	17 November 2015	16 November 2024
Neelam Dhawan . . . . .	1 March 2021	29 February 2024
Janine Goodchild . . . . .	1 July 2022	30 June 2025
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, including the Employee Non-Executive Director, 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 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 or one month's written notice in respect of the Employee Non-Executive Director. 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).

In addition, the appointments of the Employee Non-Executive Director will terminate automatically and without payment in lieu of notice if they cease to be employed by a member of the Group for any reason. The Company may also require them to resign from their directorships if they are placed on garden leave in respect of their employment.

## 6 Key Individuals

The following individuals are deemed to be key individuals to Pay360:

Name	Position
Stephen Ferry . . . . .	DPS Managing Director
Chris Dunn . . . . .	Finance Director
Alan Powell . . . . .	Chief Operating Officer
Alex Common . . . . .	Chief Product Officer
Ben Quick . . . . .	Public Sales Director
Iain Eagling . . . . .	Private Sales Director
Simon Edwards . . . . .	Marketing Director

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

## 7 Major Shareholders

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 . . . . .	—	321,365,363	321,365,363	321,365,363	19.08
RWC Asset Management LLP . . .	299,030,359	—	299,030,359	299,030,359	17.75
Marathon Asset Management LLP	—	126,900,867	126,900,867	126,900,867	7.53
Veritas Asset Management LLP <sup>(1)</sup>	—	83,131,892	83,131,892	83,131,892	4.94
Ninety One UK Limited . . . . .	—	76,779,117	76,779,117	76,779,117	4.55
BlackRock, Inc. . . . .	—	74,230,358	74,230,358	74,230,358	4.40
Invesco Ltd. . . . .	—	70,883,236	70,883,236	70,883,236	4.21
Veritas Funds PLC <sup>(1)</sup> . . . . .	—	55,009,900	55,009,900	55,009,900	3.30
Vanguard Group, Inc. . . . .	54,711,874	—	54,711,874	54,711,874	3.27
Jupiter Asset Management Limited . . . . .	—	53,573,060	53,573,060	53,573,060	3.18
Odey Asset Management LLP <sup>(2)</sup> .	19,089,937	—	19,089,937	51,459,613	3.05

(1) Shareholding of Veritas Asset Management LLP includes shareholding of Veritas Funds PLC.

(2) Odey Asset Management LLP holds 32,369,676 voting rights through financial instruments (contracts for differences).

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

## 8 Related party transactions

Details of related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) No 1606/2002) that the Company has entered into are set out below:

- for the financial year ended 31 December 2019, those transactions disclosed in note 6.1 on page 170 of the Company's 2019 Annual Report and Accounts;
- for the financial year ended 31 December 2020, those transactions disclosed in note 6.1 on page 189 of the Company's 2020 Annual Report and Accounts;
- 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; and
- for the six months ended 30 June 2022, those transactions disclosed in note 17 on page 39 of the Company's Half Year Results 2022.

The details of related party transactions in paragraphs (a), (b), (c) and (d) 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 July 2022 to the Latest Practicable Date.

## 9 Material contracts

### 9.1 The Continuing Group

9.1.1 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) Disposal of Trustmarque

On 28 January 2022, Capita IT Services Holdings Limited ("**CITSHL**") and CHL, both wholly-owned subsidiaries of the Company, entered into a share purchase agreement as sellers and the Company as a guarantor with Project Oak Bidco Limited ("**Oak Bidco**"), a newly formed private limited company incorporated in England and Wales, established by funds advised by One Equity Partners for the sale of the entire issued share capital of Trustmarque Solutions Limited ("**Trustmarque**"), a wholly-owned subsidiary of CHL, and Pervasive Limited ("**Pervasive**"), a wholly-owned subsidiary of CITSHL, and Pervasive's subsidiary, Pervasive Networks Limited. The sale was completed on 31 March 2022. Trustmarque provides IT services and solutions, including software and hardware re-sale, and is a top-tier partner for global technology vendors.

The transaction was subject to approval from the Secretary of State under the NSIA, which was granted, and completion occurred on 31 March 2022. The total agreed consideration was £111m on a cash-free, debt-free basis at signing. Taking into account cash-like and debt-like items, Capita received net proceeds of £118m at completion, which included an additional £3m of contingent consideration.

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. Certain fundamental warranties relating to title, capacity and authority were also given by CITSHL and CHL on completion. Oak Bidco also gave customary warranties in favour of CITSHL and CHL.

The Company provided a guarantee in respect of the obligations of CITSHL and CHL under the share purchase agreement.

The share purchase agreement includes customary financial thresholds, time limitations and other limitations and exclusions in relation to claims made under it by Oak Bidco, in particular:

- (i) the financial liability of CITSHL and CHL in respect of any warranty claims (excluding fundamental warranty claims and claims under certain warranties relating to sufficiency of assets, a pre-sale reorganisation, locked box accounts, secondary tax and transfer pricing liabilities and certain material contracts) and claims under the related tax covenant is capped at £1; and
- (ii) the maximum aggregate liability of CITSHL and CHL for all claims (including fundamental warranty claims and claims under certain warranties relating to sufficiency of assets, a pre-sale reorganisation, locked box accounts, secondary tax and transfer pricing liabilities and certain material contracts) under the agreement is capped at £116m.

Oak Bidco has the benefit of a warranty and indemnity insurance policy, which provides insurance cover in respect of certain warranty claims (excluding fundamental warranty claims and claims under certain warranties relating to sufficiency of assets, a pre-sale reorganisation, locked box accounts and certain material contracts) and claims under the tax covenant (excluding secondary tax and transfer pricing liabilities).

No warranty claims (other than in respect of leakage claims, pre-sale reorganisation claims and tax claims) may be brought by Oak Bidco after the date that is 18 months after completion and, in respect of:

- (i) tax claims or claims under the tax covenant, the date that is seven years after completion;
- (ii) pre-sale reorganisation warranty claims, the date that is 36 months after completion; and
- (iii) leakage claims, the date that is six months after completion.

The share purchase agreement also includes certain indemnities. CITSHL and CHL have provided an indemnity to Oak Bidco in respect of certain liabilities in connection with, among others: (i) residual liabilities that may have been transferred under the pre-sale reorganisation; (ii) two recently surrendered leases to cover any remaining liability that Trustmarque may have as tenant to the respective landlords; (iii) certain employee matters; and (iv) recent potentially fraudulent activity by unknown parties in placing orders for IT equipment from Trustmarque. Oak Bidco has given an indemnity in respect of any loss suffered by CBSL pursuant to an authorised guarantee agreement in respect of a lease which was recently assigned to Trustmarque by CBSL.

In connection with the transaction, CBSL agreed, on behalf of the Group, to provide certain IT, HR, finance and property services to Trustmarque and Pervasive. CBSL will also receive certain services provided by Trustmarque under a 'reverse' commercial services agreement.

**(b) Disposal of Capita's AMT Sybex software business**

On 23 December 2021, AMT-Sybex Group Limited (the "**AMT Seller**"), a wholly-owned subsidiary of the Company, entered into a share purchase agreement as seller and the Company as a guarantor with Jonas Computing (UK) Limited ("**Jonas**"), a private limited company incorporated in England and Wales for the sale of the entire issued share capital of AMT Group Limited and its subsidiaries, AMT-Sybex (Software) Limited, AMT-Sybex Limited, Marrakech Limited and Marrakech (U.K.) Limited (together, the "**AMT Group**"). The sale was completed on 1 January 2022. AMT is the leading provider of critical utilities and infrastructure software in the UK. Its software facilitates efficient and reliable energy provision by balancing supply and demand.

Capita received £23m on completion, which took place on 1 January 2022, shortly following signing. Potential additional consideration of up to £17m relating to the true-up of net tangible assets and post-completion adjustments is payable to Capita over 24 months from the date of completion, subject to the satisfaction of certain conditions.

The share purchase agreement contains customary warranties relating to, amongst other things, title, capacity, authority and solvency matters, together with business warranties that are customary for such a transaction. Jonas also gave customary warranties in favour of the AMT Seller.

The Company provided a guarantee in respect of the obligations of the AMT Seller under the share purchase agreement.

The share purchase agreement includes customary financial thresholds, time limitations and other limitations and exclusions in relation to claims made under it by Jonas, in particular:

- (i) the financial liability of the AMT Seller in respect of any warranty claims (excluding fundamental warranty claims) and claims under the related tax covenant is capped at £1; and
- (ii) the maximum aggregate liability of the AMT Seller for all claims (including fundamental warranty claims) under the agreement is capped at the greater of (i) £23m; and (ii) the aggregate consideration received by the AMT Seller.

Jonas has the benefit of a warranty and indemnity insurance policy, which provides insurance cover in respect of certain warranty claims (excluding fundamental warranty claims) and certain claims under the tax covenant.

No warranty claims (other than in respect of fundamental warranty claims and tax claims) may be brought by Jonas after the date that is 24 months after completion and, in respect of:

- (i) tax claims or claims under the tax covenant, the date that is seven years after completion; and
- (ii) fundamental warranty claims, the date that is 36 months after completion.

The share purchase agreement also includes certain indemnities. The AMT Seller has indemnified Jonas in respect of certain liabilities in connection with, among others: (i) holiday pay and the transfer of 16 employees into the AMT Group in November 2021 pursuant to a business transfer agreement entered into in preparation for the sale; (ii) management completion bonuses; (iii) matters relating to certain contracts; and (iv) certain tax matters.

In connection with the transaction, the AMT Seller agreed, on behalf of the Group, to provide certain IT, HR, finance and property services to the AMT Group.

**(c) Disposal of Capita's Secure Solutions and Services business**

On 30 September 2021, Capita Secure Information Solutions Limited ("**CSIS**") and Capita (USA) Holdings, Inc. ("**Capita US Holdings**"), both wholly-owned subsidiaries of the Company, entered into a share purchase agreement as sellers and CBSL as sellers' guarantor with NEC Software Solutions UK Limited ("**NEC**"), a private limited company incorporated in England and Wales as purchaser and Garden Private Holdings Limited as NEC's guarantor, for the sale of the entire issued share capital of Capita (SSS) Limited ("**SSS**") and Capita Software (US) LLC. Both companies comprise the Secure solutions and services business of the Group and are providers of software solutions and managed services to the emergency services and justice sectors.

The sale was subject to certain conditions and approvals:

- (i) the transaction was a notifiable transaction under the NSIA, and was granted informal comfort by the Secretary of State of its approval on 3 January 2022;
- (ii) the transfer, or consent to such transfer, of certain contracts to SSS; and
- (iii) the consent to the assignment or transfer of interests in certain properties to SSS.

All these conditions were fulfilled, and therefore completion was effective, on 3 January 2022. Cash proceeds of £72m were received on completion, and included the settlement of intercompany balances of £41.8m owed by SSS to the Group. These amounts are subject to customary post completion purchase price adjustments.

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. Certain fundamental warranties relating to title, capacity and authority as well as some commercial warranties were also given by CSIS and Capita US Holdings on completion. NEC also gave customary warranties in favour of CSIS and Capita US Holdings.

CBSL provided a customary guarantee in respect of the obligations of CSIS and Capita US Holdings under the share purchase agreement and other transaction documents. Garden Private Holdings Limited provided its own guarantee to support with a contract novation process that commenced after completion. NEC is obliged to release CBSL as soon as practicable post completion of all guarantees of the obligations of SSS and Capita Software (US) LLC, and provide an indemnity pending such release.

The share purchase agreement includes customary financial thresholds, time limitations and other limitations and exclusions in relation to claims made under it by NEC, in particular:

- (i) the financial liability of CSIS and Capita US Holdings in respect of any warranty claims (excluding fundamental warranty claims) is capped at £199,500; and
- (ii) the maximum aggregate liability of CSIS and Capita US Holdings for all claims (including fundamental warranty claims) under the agreement is capped at: (a) in the case of claims against CSIS, the total consideration payable for SSS (including any consideration received by way of settlement of intercompany balances and under a business transfer agreement); and (b) in the case of claims relating to Capita Software (US) LLC, the total consideration received from the sale of Capita Software (US) LLC.

NEC has the benefit of a warranty and indemnity insurance policy, which provides insurance cover in respect of certain warranty claims that exceed £199,500.

No warranty claims (other than tax claims) may be brought by NEC after the date that is 24 months after completion and in respect of tax claims the date that is seven years after completion.

The share purchase agreement also includes certain indemnities. Other than the customary indemnities in a transaction of that nature, CSIS and Capita US Holdings have indemnified NEC in respect of certain liabilities in connection with, among others: (i) certain employee matters relating to holiday pay and a specific employment claim; (ii) the use of certain products and intellectual property rights; and (iii) the settlement of a specific claim and costs or liabilities in relation to an intellectual property infringement claim. NEC has also provided customary indemnities in favour of CSIS and Capita US Holdings.

In connection with the transaction, CBSL agreed, on behalf of the Group, to provide certain IT, HR, finance and property services to SSS.

**(d) Disposal of Capita's 51 per cent. interest in AXELOS Limited**

On 21 June 2021, Capita and the Cabinet Office announced their agreement to dispose of their shareholdings in AXELOS to PeopleCert International Limited ("**PeopleCert**"), a private limited company incorporated in Cyprus and a wholly-owned subsidiary of PeopleCert Holdings UK Ltd ("**PC UK**"), pursuant to a conditional share purchase agreement with, among others, PeopleCert and PC UK for the sale of the entire issued share capital of AXELOS (the "**AXELOS Sale Agreement**"). AXELOS was owned by Capita (51 per cent. interest) and the Cabinet Office (49 per cent. interest).

AXELOS is a UK-based joint venture company created in 2013 by the Cabinet Office and Capita. The business has c.100 employees and in 2020 generated revenue of £42.9m.

The total consideration payable by PeopleCert represented an enterprise value of £380m for AXELOS on a cash-free, debt-free basis, representing an 11.5x multiple on AXELOS' 2020 EBITDA of £33.1m. The net cash proceeds from the disposal received by the Continuing Group at completion, which includes the settlement by PeopleCert and PeopleCert Wisdom Limited ("**PCW**"), as agents on behalf of AXELOS, of intercompany balances owed by AXELOS to CBSL at completion, were £172.5m after costs and expenses of £9.6m associated with the disposal. Prior to completion, AXELOS paid a cash dividend to CBSL of £11.1m, resulting in total net cash receipts to the Continuing Group of £183.6m. PeopleCert also repaid the Cabinet Office the outstanding deferred consideration owed by AXELOS to the Cabinet Office pursuant to a business transfer agreement.

The transaction was subject to following conditions: (i) approval (by ordinary resolution) of the Shareholders; (ii) consents from certain creditors and/or necessary amendments to any debt instruments as required under the terms of such instruments; and (iii) the approval of the Cyprus Commission for the



Protection of Competition or waiver of its jurisdiction in relation to the disposal. The sale of AXELOS under the AXELOS Sale Agreement completed on 29 July 2021.

CBSL has undertaken to PeopleCert that it shall not, and shall procure that no member of the Group shall, carry on, be engaged in or be economically interested in any business which is of the same or similar type to the business of AXELOS (or any material part thereof) as carried on at the date of completion and which is or is likely to be in direct competition with the business of AXELOS (or any material part thereof) as at completion, in the UK, the Netherlands, the People's Republic of China, the United States of America or India for a period of 24 months after completion, subject to certain exceptions.

CBSL has given business and tax warranties as are customary for a transaction of this nature. Both CBSL and the Cabinet Office have given customary fundamental warranties relating to title, capacity, authority and solvency matters which were repeated by them at completion.

PeopleCert, PCW and PC UK have also given customary warranties in favour of CBSL and the Cabinet Office under the AXELOS Sale Agreement.

The maximum aggregate liability of CBSL for all claims relating to a breach of the warranties (excluding certain fundamental warranties) and tax claims under the AXELOS Sale Agreement is capped at £1.

The maximum aggregate liability of each seller for all claims (including claims relating to a breach of the fundamental warranties) under the AXELOS Sale Agreement is capped at the aggregate consideration payable by the PeopleCert to such seller under the AXELOS Sale Agreement (including for these purposes amounts paid by or due from PCW, as agent on behalf of AXELOS, to settle intercompany balances owed by AXELOS to the relevant seller).

No claims may be brought by the PeopleCert unless notice is received in accordance with the AXELOS Sale Agreement: (a) in respect of fundamental warranty claims and other claims for a breach of the AXELOS Sale Agreement (other than leakage claims), within 24 months of the date of completion; (b) in respect of tax claims, within four years of the date of completion, and (c) in respect of any claims for a breach of the non-compete provisions, within 36 months from the date of completion.

PeopleCert has the benefit of a warranty & indemnity insurance policy which provides insurance cover in respect of certain claims under the warranties and indemnities given by the sellers under the AXELOS Sale Agreement and the tax indemnity.

In connection with the transaction, CBSL agreed, on behalf of the Group, to provide certain IT, HR, finance and property services to AXELOS for a transitional period which ended on 20 December 2021.

**(e) Disposal of Capita's education software solutions business**

On 14 December 2020, Capita agreed to sell its education software solutions business to Tiger UK Bidco Limited, a newly formed private limited company incorporated in England and Wales, established by funds advised by Montagu Private Equity LLP.

The education software solutions business comprised:

- (i) Capita ESS Limited and Capita SIMS (India) Private Limited which were both wholly-owned indirect subsidiaries of Capita; and
- (ii) Capita Scotland (Pension) Limited Partnership's (the "SLP") operations which exploited certain intellectual property rights to the Schools Information Management System (SIMS) software (the "SIMS IPR") used by the education software solutions business (the "SLP Operations").

In order to effect this disposal: (i) Capita ESS Holdings Limited, the SLP, CBSL and Capita entered into a conditional share and intellectual property rights business purchase agreement with Tiger UK BidCo Limited (the "UK ESS Sale

**Agreement**"); and (ii) Capita Cyprus Holdings Limited and CBSL entered into a conditional share purchase agreement with Tiger UK BidCo Limited (the "**India ESS Sale Agreement**", together with the UK ESS Sale Agreement, the "**ESS Sale Agreements**").

The SIMS IPR, which formed part of the SLP Operations sold to Tiger UK BidCo Limited by the SLP, was held in an asset-backed contribution structure for the benefit of the Scheme. The SIMS IPR was released from such asset-backed contribution structure ahead of completion of the sale of the education software solutions business and a special contribution of £50.15m was paid to the Scheme (on behalf of CBSL) on completion of such sale.

The transaction was subject to the approval (by ordinary resolution) of the Shareholders. The sale of Capita ESS Limited and the SLP Operations under the UK ESS Sale Agreement completed on 1 February 2021 and the sale of Capita SIMS (India) Private Limited under the India ESS Sale Agreement completed on 2 February 2021.

The consideration for the disposal of the education software solutions business comprised an initial amount of approximately £298.5m, paid on completion and deferred consideration of £45m, payable to Capita ESS Holdings Limited. Tiger UK BidCo Limited also assumed certain liabilities of the education software solutions business such as working capital and debt, valued at approximately £57m.

The payment of the deferred consideration of £45m was conditional, *inter alia*, on a subsequent transaction being effected by Tiger UK BidCo Limited receiving clearance from the CMA. The conditions attached to the deferred consideration were satisfied in full on 12 July 2021, when the CMA granted clearance for the abovementioned subsequent transaction and as such Capita ESS Holdings Limited received the deferred consideration of £45m.

The ESS Sale Agreements contain customary warranties relating to, amongst other things, title, capacity, authority and solvency matters, together with additional business and tax warranties as are customary for a transaction of that nature provided by Capita, Capita ESS Holdings Limited, Capita Cyprus Holdings Limited, the SLP and CBSL. Certain fundamental warranties relating to, amongst other things, title, capacity, authority and solvency matters were repeated at completion.

Tiger UK BidCo Limited has also given customary warranties in favour of (i) Capita ESS Holdings Limited under the UK ESS Sale Agreement; and (ii) Capita Cyprus Holdings Limited under the India ESS Sale Agreement.

The ESS Sale Agreements include customary financial thresholds, time limitations and other limitations and exclusions in relation to claims made under it by Tiger UK BidCo Limited, in particular:

- (i) the maximum aggregate liability of the Company, Capita ESS Holdings Limited, the SLP and CBSL for all claims relating to a breach of the warranties (excluding certain fundamental warranties) and tax claims under the UK ESS Sale Agreement is capped at £1;
- (ii) the maximum aggregate liability of Capita Cyprus Holdings Limited for all claims relating to a breach of the business warranties (excluding tax warranties and certain fundamental warranties) under the India ESS Sale Agreement is capped at £1;
- (iii) the maximum aggregate liability of Capita Cyprus Holdings Limited for all claims relating to a breach of the tax warranties is capped at £150,000;
- (iv) the maximum aggregate liability of Capita Cyprus Holdings Limited for claims under a tax indemnity given in connection with requirement to withhold capital gains tax in India is capped at £1.5m;
- (v) the maximum aggregate liability of the Company, Capita ESS Holdings Limited, the SLP and CBSL (which has provided certain warranties for itself and on behalf of the SLP) for all claims (including tax claims and claims

relating to a breach of the fundamental warranties) under the UK ESS Sale Agreement is capped at the aggregate consideration payable by Tiger UK BidCo Limited under the UK ESS Sale Agreement; and

- (vi) the maximum aggregate liability of Capita Cyprus Holdings Limited and CBSL for all claims (including tax claims and claims relating to a breach of the fundamental warranties, but excluding the claims relating to tax indemnities noted in paragraph (iv) above) under the India ESS Sale Agreement is capped at £1.5m.

Tiger UK BidCo Limited has the benefit of a warranty and indemnity insurance policy which provides insurance cover in respect of certain claims under the warranties given by Capita, Capita ESS Holdings Limited, Capita Cyprus Holdings Limited, the SLP and CBSL under the ESS Sale Agreements (including in respect of any tax claims under the UK ESS Sale Agreement).

No claims may be brought by Tiger UK BidCo Limited unless notice is received in accordance with the ESS Sale Agreements: (i) in respect of warranty claims (other than tax warranty claims), within 24 months of the date of completion; (ii) in respect of tax claims, within seven years of the date of completion; or (iii) in the case of any other claim, within 18 months of the date of completion, save to the extent that the relevant provision requires the party(ies) to continue to comply with its relevant obligations following completion, in which case, 18 months following the date on which such obligations cease.

In connection with the transaction, CBSL agreed, on behalf of the Group, to provide certain IT, HR, finance and property services to Capita ESS Limited and Capita SIMS (India) Private Limited for a transitional period.

**(f) Forward Start RCF Agreement**

On 22 July 2022, the Company as borrower and the Obligors as guarantors entered into an amendment and restatement agreement in respect of the £300,000,000 forward start revolving credit facility agreement with, amongst others, Lloyds Bank plc as agent and certain lenders named therein. The key terms of the Forward Start RCF Agreement are set out as below:

*Forward Start RCF Creditors*

The Forward Start RCF Creditors are Barclays Bank PLC, ING Bank N.V., London Branch, Lloyds Bank plc, Goldman Sachs International Bank, National Westminster Bank plc, and Citicorp North America, Inc.

*Facility*

The facility made available under the Forward Start RCF Agreement is a revolving loan facility in the amount of £300,000,000. As at the Latest Practicable Date, the Forward Start RCF Agreement is drawn at £75.0m.

*Purpose*

The amounts borrowed under the Forward Start RCF Agreement shall be used to refinance the facility made available under the RCF Agreement and (after repayment and cancellation in full of the RCF Agreement) towards the general corporate purposes of the Group.

*Availability period, repayment and prepayment*

The facility under the Forward Start RCF Agreement is available for utilisation from and including 31 August 2022 until 31 August 2024 (such date being the termination date of the amended and restated facility).

Each loan drawn under the Forward Start RCF Agreement is repayable on the last day of its interest period. The Forward Start RCF Agreement contains customary prepayment provisions, including mandatory prepayment events in case of illegality or a change of control in respect of the Company. The Forward Start RCF Agreement also contains additional mandatory prepayment and cancellation provisions which require the Company to repay outstanding loans and cancel

commitments in an amount equal to a certain percentage of net proceeds received by the Group by way of equity or debt issuance or from certain disposals. Subject to the receipt of disposal proceeds in connection with any Permitted Disposal (as defined in the Forward Start RCF Agreement) in an aggregate amount greater than £124,000,000, the Company will need to apply a certain percentage of such disposal proceeds towards (a) the prepayment of any outstanding loans and (b) the permanent cancellation of the total commitments, until such time as the total commitments are reduced to £180,000,000.

#### *Interest and interest periods*

Loans under the Forward Start 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 initial margin is 3.50 per cent. per annum, and then the margin varies between 2.75 per cent. and 4.25 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 Forward Start RCF Agreement is unsecured but is guaranteed by each Obligor. 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 Forward Start RCF Agreement.

#### *Financial Covenants*

The Forward Start 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 3.5:1 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 Forward Start 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 Forward Start RCF Agreement also contains an express permission for the Company to undertake the Disposal, provided that the proceeds from the Disposal are applied in accordance with the mandatory prepayment provisions.

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

### **(g) US PP Documents**

The Company periodically issues private placement notes through its subsidiary, Capita Holdings Limited, denominated in pounds sterling or US dollars (the "**US PP Notes**"), to institutional investors (the "**US PP Creditors**"). Capita Holdings Limited has issued US PP Notes pursuant to:

- (i) the note purchase and guarantee agreement dated 18 November 2014 (as amended from time to time) entered into between, amongst others, Capita Holdings Limited as issuer, with respect to the outstanding \$53,000,000 3.45 per cent. series D notes due 22 January 2023, \$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; and

- (ii) the note purchase and guarantee agreement dated 27 October 2016 (as amended from time to time) entered into between, amongst others, Capita Holdings Limited as issuer, with respect to the \$24,000,000 3.37 per cent. series C notes due 27 October 2023, £37,000,000 2.52 per cent. series D notes due 27 October 2023, \$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,

(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 Capita Holdings Limited semi-annually in arrears.

#### *Guarantees*

The US PP Notes are guaranteed by Capita and any 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.

#### **(h) Euro Notes**

The Company has issued certain private placement notes denominated in Euros to institutional investors (the "**Euro Noteholders**"). On 10 November 2015, the Company issued:

- (i) €230,000,000 2.125 per cent. fixed rate bearer notes represented by a global note due on 10 November 2022 (the "**Class A Euro Notes**"); and
- (ii) €60,000,000 2.875 per cent. fixed rate bearer notes represented by a global note due on 10 November 2027 (the "**Class B Euro Notes**"),

(together, the "**Euro Notes**").

The terms and conditions of each of the Euro Notes are broadly identical and contain standard market terms. The terms and conditions of the Euro Notes were amended in 2021 and the key terms are set out as below:

#### *Interest and interest periods*

The rate of interest under the Class A Euro Notes is 2.875 per cent. per annum and under the Class B Euro Notes is 3.625 per cent. per annum. Interest under the Euro Notes is payable annually in arrears on 10 November of each year or, if that day is not a business day, the immediately following business day.

#### *Guarantees*

The Euro Notes are unsecured but are guaranteed by certain subsidiaries of the Company. The Company must also ensure that any of its subsidiaries that have provided a guarantee in connection with other indebtedness entered into with persons who are not members of the Group and in a principal amount of £75,000,000 or greater, must also provide a guarantee in respect of the Euro Notes.

#### *Financial covenants*

The Euro Notes require 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 3.5:1 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.

#### *Undertakings, events of default and early redemption*

The Euro Notes contain certain customary undertakings such as limitations on disposals, mergers and repayment of financial indebtedness.

The Euro Noteholders are entitled to demand immediate redemption for good cause (*wichtiger Grund*) that is in particular constituted in the case of non-payment, breach of other obligations, cross-default (above the threshold of £50m

or its equivalent in any other currency), insolvency, insolvency proceedings, the commencement of creditors' processes, repudiation, cessation of business, unpermitted disposal of guarantors or in case of a change of control of the Company.

The Company may give notice to prepay the Euro Notes, together with any accrued interest due up to (but excluding) the date of such early redemption, on the occurrence of any change in or amendment to the laws or regulations prevailing in the United Kingdom (which becomes effective on or after the 10 November 2015), or as a result of any application or official interpretation of such laws or regulations not generally known before that date, the result of which is that withholding taxes are or will be leviable on payments of principal or interest, and such withholding tax is to be borne by the Company.

#### *Amendment to Class B Euro Notes*

On 30 September 2022, the Company entered into an amendment agreement with the holder of the Class B Euro Notes to effect a limited number of amendments relating to certain prepayment rights of the Company together with certain other undertakings, customary representations and events of default under the Class B Euro Notes in exchange for an upfront fee (the "**Amendment Agreement**"). The amendments agreed under the Amendment Agreement have not yet come into effect and shall only become effective on the date that the Class A Euro Notes and the Schuldschein Loan have been irrevocably repaid in full.

### **(i) Euro Schuldschein Loan**

On 11 November 2015, the Company as borrower and Deutsche Bank Aktiengesellschaft as initial lender entered into a €20,000,000 Schuldschein loan agreement (*Schuldscheindarlehen*) due on 10 November 2022 (the "**Schuldschein Loan**"). The Schuldschein Loan was amended in 2018 and 2021. Landesbank Hessen-Thüringen Girozentrale is currently the sole creditor. The key terms of the Schuldschein Loan are set out as below:

#### *Principal amount*

The initial principal amount of the Schuldschein Loan is €20,000,000. As at the Latest Practicable Date, €14.2m of the Schuldschein Loan remains outstanding.

#### *Purpose*

The amounts borrowed under the Schuldschein Loan shall be used for general corporate purposes.

#### *Repayment and prepayment*

The Schuldschein Loan was fully disbursed and is repayable on 10 November 2022 or, if that day is not a business day, the immediately following business day. Each creditor is entitled to require repayment of its portion of the Schuldschein Loan in case of a change of control in respect of the Company, subject to certain conditions regarding the rating of the Schuldschein Loan or any other senior financial indebtedness of the Company during a period of 120 days following the change of control.

The Company may give notice to prepay the relevant creditor's portion of the Schuldschein Loan in whole, on the occurrence of any change in or amendment to the laws or regulations prevailing in the United Kingdom (which becomes effective on or after the 11 November 2015), or as a result of any application or official interpretation of such laws or regulations not generally known before that date, the result of which is that withholding taxes are or will be leviable on payments of principal or interest and such withholding taxes are to be borne by the Company.

#### *Interest and interest periods*

The rate of interest under the Schuldschein Loan is 2.875 per cent. per annum payable annually in arrears on 10 November of each year or, if that day is not a business day, the immediately following business day.

#### *Guarantees*

The Schuldschein Loan is unsecured but is guaranteed by certain subsidiaries of the Company. The Company must also ensure that any of its subsidiaries that have provided a guarantee in connection with other indebtedness entered into with persons who are not members of the Group and in a principal amount of £75,000,000 or greater, must also provide a guarantee in respect of the Schuldschein Loan.

#### *Financial covenants*

The Schuldschein Loan 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 3.5:1 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 Company and guarantors give certain customary representations as regards the validity, binding effect and enforceability of their obligations, accuracy of certain conditions precedent and the most recent audited financial statements.

The Schuldschein Loan contains certain customary undertakings such as limitations on disposals, mergers and repayment of financial indebtedness.

In addition to statutory termination rights under German law, the creditors are entitled to terminate and demand immediate repayment for good cause (*wichtiger Grund*), which shall be any of the following: non-payment, breach of other obligations, cross-default (above the threshold of £50m or its equivalent in any other currency), insolvency, insolvency proceedings, the commencement of creditors' processes, repudiation, material adverse change, cessation of business or unpermitted disposal of guarantors.

#### **(j) 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 G L Hearn Management Limited (held by GLH) and 51% of the issued share capital of Capita Glamorgan Consultancy Limited (held by CREI).

In order to effect the transaction, Capita Property and Infrastructure Limited ("**CPIL**") and Capita Property and Infrastructure Holdings Limited ("**CPIHL**"), both wholly-owned subsidiaries of the Company, entered into a share purchase agreement with WSP UK Limited ("**WSP**"). The sale completed on 22 September 2022. The agreed consideration for the transaction was (on a cash free, debt free basis) £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 CPIL 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 of CREI and GLH 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.

**(k) Transaction Agreements**

Your attention is drawn to Part III (*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, the Tax Indemnity and the Transitional Services Agreement.

- 9.1.2 Save as disclosed in paragraph 9.1.1 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 Pay360**

- 9.2.1 Your attention is drawn to Part III (*Summary of the Transaction Agreements*) of this document, which contains a summary of the key Transaction Agreements relating to the Disposal, including the Transitional Services Agreement.
- 9.2.2 Save as disclosed in paragraph 9.2.1 above, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by members of Pay360 (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 Pay360 has any obligation or entitlement which is material to Pay360 as at the date of this document.

**10 Litigation**

**10.1 The Continuing Group**

There are no governmental, legal or arbitration proceedings (nor, so far as the Company is aware, are any such proceedings pending or threatened) which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Continuing Group's financial position or profitability.

**10.2 Pay360**

There are no governmental, legal or arbitration proceedings (nor, so far as the Company is aware, are any such proceedings pending or threatened) which may have, or have had during the 12 months preceding the date of this document, a significant effect on Pay360's financial position or profitability.

**11 Working capital**

The Company is of the opinion that, after taking into account the net 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**

**12.1 The Continuing Group**

- 12.1.1 Save as set out in paragraph 12.1.2 below, there has been no significant change in the financial position or financial performance of the Continuing Group since 30 June

2022, the date to which the last published interim financial statements were published.

- 12.1.2 On 22 September 2022, the Continuing Group completed the disposal of Capita Real Estate and GL Hearn. Taking into account cash-like and debt-like items, Capita received proceeds of £62.7m on completion, net of transaction costs. The proceeds, net of transaction costs, will be used to strengthen the balance sheet and reduce debt.

## **12.2 Pay360**

There has been no significant change in the financial position or financial performance of Pay360 since 30 June 2022, the date to which the last published interim financial statements were published.

## **13 Consents**

- (a) Barclays, who has acted as Sponsor 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 V (*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**

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 VI;
- (e) the report of KPMG set out in Part V (*Unaudited Pro Forma Statement of Net Assets*) of this document;
- (f) the consolidated audited accounts of the Group for each of the three financial years ended 31 December 2019, 31 December 2020 and 31 December 2021; and
- (g) the consolidated accounts of the Group for the financial half year ended June 2022.

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 documents (f) to (g) at <http://www.capita.com/investors/results-reports-and-presentations>.

**PART VII**  
**DOCUMENTATION INCORPORATED BY REFERENCE**

<b>Information incorporated by reference</b>	<b>Document reference</b>	<b>Page number(s) in this document</b>
Company's 2019 Annual Report and Accounts	Details of related party transactions that the Company has entered into for the financial year ended 31 December 2019 (page 170)	36
Company's 2020 Annual Report and Accounts	Details of related party transactions that the Company has entered into for the financial year ended 31 December 2020 (page 189)	36
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)	36
Company's Half Year Results 2022	Details of related party transactions that the Company has entered into for the six months ended 30 June 2022 (page 39)	36
	Statement of net assets of the Company for the six months ended 30 June 2022 (page 18)	28

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

## PART VIII

### DEFINITIONS AND GLOSSARY

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

<b>AMT</b>	AMT-Sybex Limited, a company incorporated in England and Wales with registered number 03036807 and whose registered office is at Gladstone House, Hithercroft Road, Wallingford OX10 9BT, United Kingdom
<b>AMT Group</b>	AMT Group Limited, a company incorporated in England and Wales with registered number 11231962 and whose registered office is at Crown House, 123 Hagley Road, Birmingham, West Midlands, England, B16 8LD and its subsidiaries: <ul style="list-style-type: none"> <li>(a) AMT-Sybex (Software) Limited, a company incorporated in Ireland with registered number 167453 and whose registered office is at Oak House, Leopardstown Office Park, Dublin, Dublin 18, Ireland;</li> <li>(b) AMT-Sybex Limited, company incorporated in England and Wales with registered number 03036807 and whose registered office is at Gladstone House, Hithercroft Road, Wallingford, England, OX10 9BT;</li> <li>(c) Marrakech Limited, a company incorporated in Ireland with registered number 298522 and whose registered office is at Oak House, Leopardstown Office Park, Dublin, Dublin 18, Ireland; and</li> <li>(d) Marrakech (U.K.) Limited, a company incorporated in England and Wales with registered number 03785263 and whose registered office is at Gladstone House, Hithercroft Road, Wallingford, England, OX10 9BT</li> </ul>
<b>AMT Seller</b>	AMT Sybex Group Limited, now known as Capita (210568) Limited, a company incorporated in Ireland with registered number 210568 and whose registered office is at 2nd Floor Block 5 Irish Life Centre, Abbey Street Lower, Dublin 1, Dublin, Ireland
<b>AXELOS</b>	AXELOS Limited, a company incorporated in England and Wales with registered number 08489114 and whose registered office is at 192 Sloane Street, London SW1X 9QX United Kingdom
<b>AXELOS Sale Agreement</b>	the share purchase agreement between <i>inter alia</i> CBSL, the Cabinet Office, PCW UK and PCW in respect of the entire issued share capital of AXELOS Limited
<b>Barclays</b>	Barclays Bank PLC, acting through its Investment Bank
<b>Board</b>	the board comprising the Directors
<b>Cabinet Office</b>	the Cabinet Office (on behalf of His Majesty's Government of the United Kingdom of Great Britain and Northern Ireland)
<b>Call-in Notice</b>	a call-in notice issued by the Secretary of State under the NSIA in relation to the Disposal
<b>Capita Experience</b>	a division of Capita
<b>Capita Justice</b>	Capita Justice & Secure Services Holdings Limited, a company incorporated in England and Wales with registered number 04746912 and whose registered office is at 65 Gresham Street, London EC2V 7NQ, United Kingdom
<b>Capita Portfolio</b>	non-core businesses that are intended for disposal, including assets from historical Specialist Service division and businesses transferred from other divisions in Capita's previous divisional structure

<b>Capita Scotland (Pension) Limited Partnership or SLP</b>	Capita Scotland (Pension) Limited Partnership, a Scottish limited partnership with registered number SL011676, having its principal place of business at Pavilion Building, Ellismuir Way, Tannochside Park, Uddingston, Glasgow, G71 5PW, United Kingdom
<b>Capita Share Ownership Plan</b>	each of the Capita plc Share Incentive Plan 2017 and the Capita Share Incentive Plan 2008
<b>Capita US Holdings</b>	Capita (USA) Holdings, Inc., a corporation incorporated in the State of Delaware with registered number 5535105 and whose registered office is at 850 New Burton, Suite 201, Dover, Delaware, 19904, United States
<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>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>Chief Executive Officer</b>	Jonathan Lewis, Chief Executive Officer of the Company
<b>CITSHL</b>	Capita IT Services Holdings Limited, a company incorporated in England and Wales with registered number 06002593 and whose registered office is at 65 Gresham Street, London EC2V 7NQ, United Kingdom
<b>Class A Euro Notes</b>	the €230,000,000 2.125 per cent. fixed rate bearer notes issued by Capita and due on 10 November 2022
<b>Class B Euro Notes</b>	the €60,000,000 2.875 per cent. fixed rate bearer notes issued by Capita and due on 10 November 2027
<b>CMA</b>	UK Competition and Markets Authority
<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>Continuing Group</b>	the Group, following Completion, excluding Pay360
<b>COVID-19</b>	the coronavirus disease 2019, an illness caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
<b>CPIL</b>	Capita Property and Infrastructure Limited
<b>CPIHL</b>	Capita Property and Infrastructure Holdings Limited
<b>CREI</b>	Capita (Real Estate & Infrastructure) Limited
<b>CREST</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland 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>CSIS</b>	Capita Secure Information Solutions Limited, a company incorporated in England and Wales with registered number 01593831 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 32 of this document
<b>Disposal</b>	the proposed disposal of Pay360 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>Employee Director</b>	the employee director of the Company, whose name is set out on page 32 of this document
<b>Euroclear</b>	Euroclear UK & Ireland Limited
<b>Euro Notes</b>	the Class A Euro Notes and the Class B Euro Notes
<b>Euro Noteholders</b>	the holders of the outstanding notes issued pursuant to the Euro Notes
<b>Executive Directors</b>	the executive directors of the Company, whose names are set out on page 32 of this document
<b>ESG</b>	environmental, social and governance matters
<b>ESS</b>	the Group's education software solutions business sold pursuant to the ESS Sale Agreements
<b>ESS Sale Agreements</b>	the UK ESS Sale Agreement and the India ESS Sale Agreement
<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>FCA Condition</b>	the approval under FSMA from the FCA being granted or being deemed to have been granted in respect of the Disposal
<b>Forward Start RCF Agreement</b>	an amendment and restatement agreement in respect of the £300,000,000 revolving credit facility agreement dated 22 July 2022, which incorporates as a schedule the form of the amended and restated forward start revolving credit facility agreement, between, amongst others, the Obligors, as supplemented, amended and/or varied from time to time
<b>Forward Start RCF Creditors</b>	the creditors in respect of the Forward Start RCF Agreement from time to time
<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 Linklaters LLP, One Silk Street, London, EC2Y 8HQ on 1 November 2022 at 10:30 a.m. (or any adjournment thereof, notice of which is set out at the end of this document)
<b>GLH</b>	GL Hearn Limited
<b>Government or UK 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>India ESS Sale Agreement</b>	the share purchase agreement entered into between Capita Cyprus Holdings Limited, CBSL and Tiger UK BidCo Limited
<b>Jonas</b>	Jonas Computing (UK) Limited, a company incorporated in England and Wales with registered number 05301607 and whose registered office is

	at Gladstone House, Hithercroft Road, Wallingford OX10 9BT, United Kingdom
<b>KPMG</b>	KPMG LLP
<b>Latest Practicable Date</b>	3 October 2022, being the latest practicable date before publication of this document
<b>Listing Rules</b>	the rules and regulations made by the FCA under Part VI of FSMA
<b>London Stock Exchange</b>	London Stock Exchange plc, together with any successor body thereto
<b>LTIP</b>	the Capita plc Long-Term Incentive Plan 2017
<b>MAR</b>	the Market Abuse Regulation EU 596/2014 as it forms part of retained EU law (as defined in the European Union (Withdrawal) Act 2018)
<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-Executive Directors</b>	the non-executive directors of the Company, whose names are set out on page 32 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 36 of this document
<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>NSIA</b>	the National Security and Investment Act 2021
<b>Oak Bidco</b>	Project Oak Bidco Limited, a company incorporated in England and Wales with registered number 13849547 and whose registered office is at c/o Legalinx Limited, 3 <sup>rd</sup> Floor, 207 Regent Street, London W1B 3HH, United Kingdom
<b>Obligors</b>	the Company, CHL, CBSL and Capita Customer Management Limited
<b>Pay360</b>	Pay360 Limited, a company incorporated in England and Wales with registered number 03539217 and whose registered office is at 65 Gresham Street, London EC2V 7NQ, United Kingdom
<b>PC UK</b>	PeopleCert Holdings UK Ltd
<b>PCW</b>	PeopleCert Wisdom Limited
<b>Pervasive</b>	Pervasive Limited, a company incorporated in England and Wales with registered number 05679204 and whose registered office is at 85 Great Portland Street, London W1W 7LT, United Kingdom
<b>Purchaser</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>Purchaser's Guarantor</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>RCF Agreement</b>	the £600,000,000 revolving credit facility agreement dated 8 August 2014 between, amongst others, the Obligors, as supplemented, amended and/or varied from time to time, including pursuant to amendment letters dated 5 November 2014 and 13 June 2017, a supplemental agreement dated 2 December 2019, an amendment letter

	dated 14 October 2020 and a supplemental agreement dated 21 June 2021
<b>Registrars</b>	Link Group of 10 <sup>th</sup> Floor, 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 dated 16 September 2022 between CHL, the Purchaser and the Purchaser's Guarantor in respect of Pay360
<b>Scheme</b>	the Capita Pension and Life Assurance Scheme
<b>Schuldschein Loan</b>	the €20,000,000 Schuldschein loan agreement ( <i>Schuldscheindarlehen</i> ) dated 11 November 2015, between, amongst others, the Company, Deutsche Bank Aktiengesellschaft and certain of the Company's subsidiaries as guarantors, as supplemented, amended and/or varied from time to time
<b>Secretary of State</b>	the Secretary of State for Business, Energy and Industrial Strategy
<b>Seller</b>	CHL
<b>Shareholder Condition</b>	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>SIMS IPR</b>	certain intellectual property rights to the SIMS software used in the education software solutions business
<b>SLP Operations</b>	the SLP's business of exploiting the SIMS IPR used by the education software solutions business and sold to Tiger UK Bidco Limited
<b>Sponsor</b>	Barclays acting in its role as sponsor as defined in the Listing Rules
<b>SSS</b>	Capita (SSS) Limited (now called SSS Public Safety Limited), a company incorporated in England and Wales with registered number 13052116 and whose registered office is at Methuen Park, Chippenham, Wiltshire SN14 0TW, United Kingdom
<b>Tax Indemnity</b>	the tax covenant to be entered into on Completion between CHL and the Purchaser
<b>Transaction Agreements</b>	the Sale Agreement, the Tax Indemnity and the Transitional Services Agreement described in Part III ( <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 CBSL and Pay360
<b>Trustmarque</b>	Trustmarque Solutions Limited, a company incorporated in England and Wales with registered number 02183240 and whose registered office is at 85 Great Portland Street, London W1W 7LT, United Kingdom
<b>TUPE</b>	Transfer of Undertakings (Protection of Employment) Regulations 2006
<b>UK</b>	the United Kingdom
<b>UK ESS Sale Agreement</b>	the share and intellectual property rights business purchase agreement entered into between Capita ESS Holdings Limited, the SLP, CBSL, Capita and Tiger UK BidCo Limited



<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, Capita Holdings Limited as issuer, with respect to the outstanding \$53,000,000 series D notes due 22 January 2023, \$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; and</li> <li>(ii) the note purchase and guarantee agreement dated 27 October 2016 (as amended from time to time) entered into between, amongst others, Capita Holdings Limited as issuer, with respect to the outstanding \$24,000,000 series C notes due 27 October 2023, £37,000,000 series D notes due 27 October 2023, \$26,000,000 series E notes due 27 October 2026 and £25,000,000 series F notes due 27 October 2026</li> </ul>
<b>US PP Notes</b>	the private placement notes issued by the Company through its subsidiary, Capita Holdings Limited, to institutional investors pursuant to the US PP Documents
<b>WSP</b>	WSP UK Limited

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 Linklaters LLP, One Silk Street, London EC2Y 8HQ on 1 November 2022 at 10:30 a.m. 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 11 October 2022 (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

11 October 2022

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 the offices of Linklaters LLP, One Silk Street, London, EC2Y 8HQ on 1 November 2022 at 10:30 a.m.
2. Shareholders who wish to attend the General Meeting should refer to the instructions set out in Appendix 1.
3. If the UK Government reintroduces restrictions on public gatherings before the date of the General Meeting, the Company may be required to revise these arrangements, including by limiting physical attendance at the General Meeting. In such circumstances, the Company will make an announcement setting out the revised arrangements. Shareholders should therefore monitor the Company’s website and regulatory news announcements for any General Meeting updates.

**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 10:30 a.m. on 28 October 2022.
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 proxyimity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding proxyimity, please go to [www.proxyimity.io](http://www.proxyimity.io). Your proxy must be lodged by 10:30 a.m. on 28 October 2022 in order to be considered valid. Before you can appoint a proxy via this process you must agree to proxyimity'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 [enquiries@linkgroup.co.uk](mailto:enquiries@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, Proxy Department at 10<sup>th</sup> Floor, 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 10:30 a.m. on 28 October 2022 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 3 October 2022 (excluding treasury shares), which is the latest practicable date before publication of this notice, is 1,684,273,523, carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 3 October 2022 are 1,684,273,523.

#### **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 by the close of business on 28 October 2022 or, if the meeting is adjourned, at close of business 2 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 & Ireland 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.

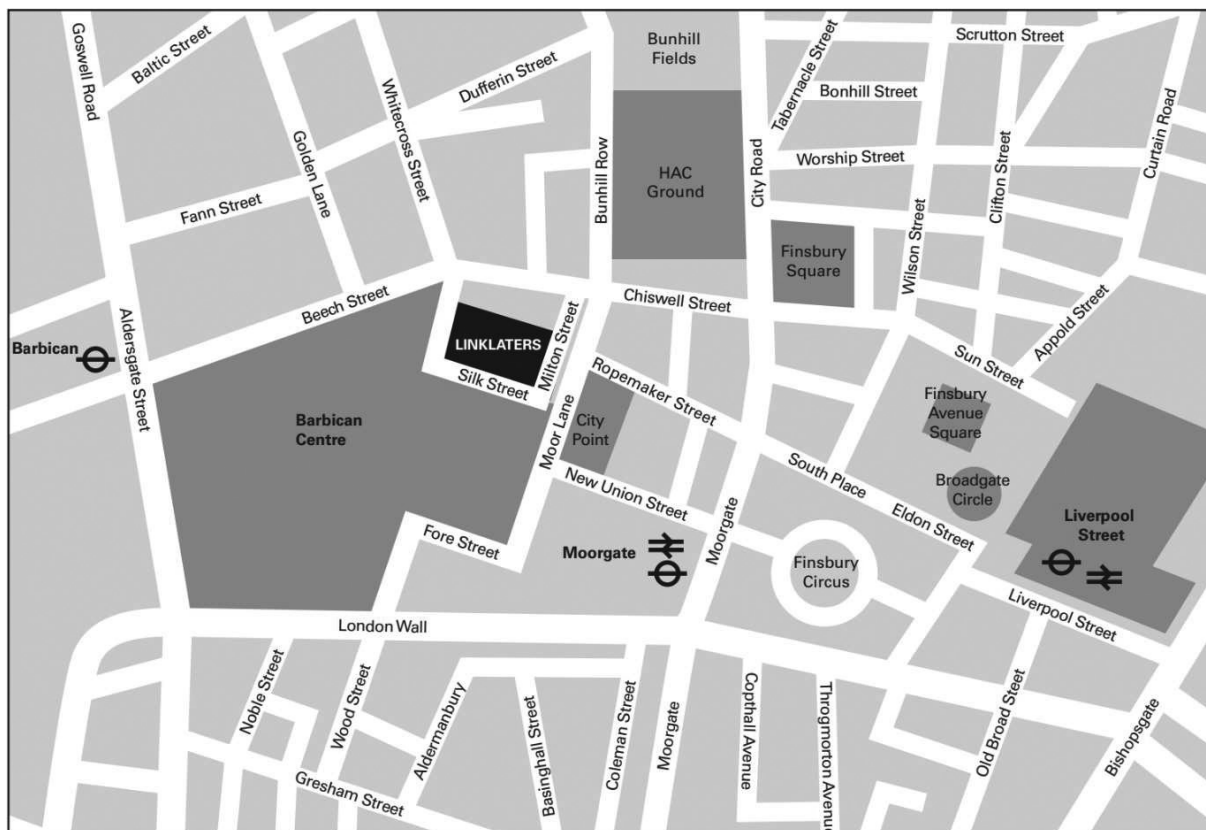
**Website information and use of electronic address**

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 Linklaters LLP, One Silk Street, London EC2Y 8HQ, where the General Meeting of Capita plc will be held.



Linklaters LLP, One Silk Street, London EC2Y 8HQ

Telephone: +442074562000

[www.linklaters.com](http://www.linklaters.com)

Moorgate is the nearest mainline train station. Liverpool Street and Old Street railway stations are also easily accessible.

Moorgate (Circle, Hammersmith & City, Metropolitan and Northern lines), Barbican (Circle, Hammersmith & City and Metropolitan lines) are the nearest London Underground stations.

Car park: there is a public car park in the immediate vicinity, located at the Barbican centre.

Disabled access: Linklaters' 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.

