

THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 (“FSMA”) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Subject to the restrictions set out below, if you sell or transfer, or have sold or otherwise transferred, all of your Existing Ordinary Shares (other than ex-entitlement) held in certificated form before 8:00 a.m. on 17 June 2020 (being the “**Ex-Entitlements Time**”), please send this document, together with any Application Form (if applicable and when received), as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer will be or was effected for onward delivery to the transferee, except that such documents should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of registration or of other local securities laws or regulations including, but not limited to, any of the Restricted Jurisdictions. If you sell or transfer, or have sold or otherwise transferred, all or some of your Existing Ordinary Shares (other than ex-entitlement) held in uncertificated form before the Ex-Entitlements Time, a claim transaction will automatically be generated by Euroclear UK which, on settlement, will transfer the appropriate number of Open Offer Entitlements to the purchaser or transferee. If you sell or transfer, or have sold or otherwise transferred, only part of your holding of Existing Ordinary Shares (other than ex-entitlement) held in certificated form before the Ex-Entitlements Time, you should refer to the instruction regarding split applications in Part V (*Terms and Conditions of the Capital Raising*) of this document and in the Application Form.

The distribution of this document, any other offering or publicity material relating to the Capital Raising and/or any Application Form and/or the transfer of New Ordinary Shares, the Open Offer Entitlements and/or Excess Open Offer Entitlements into jurisdictions other than the United Kingdom may be restricted by law or regulation, and therefore persons into whose possession this document and/or accompanying documents come should inform themselves about and observe any such restrictions. In particular, subject to certain exceptions, such documents should not be distributed in, forwarded to or transmitted in or into any Restricted Jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. The transfer of the New Ordinary Shares may also be so restricted by law or regulation. The New Ordinary Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**US Securities Act**”), or under any securities laws of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in, into or within the United States.



DeLaRue

De La Rue plc

(incorporated and registered in England and Wales with registered number 03834125)

Firm Placing of 45,410,026 New Ordinary Shares at 110 pence each Placing and Open Offer of 45,499,065 New Ordinary Shares at 110 pence each Notice of General Meeting

Sponsor and Financial Adviser

Rothschild & Co

Joint Global Co-ordinators and Bookrunners

Barclays

Investec

Numis

This document has been approved by the Financial Conduct Authority (the “**FCA**”) as the competent authority under Regulation (EU) 2017/1129, as amended (the “**Prospectus Regulation**”). The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer that is the subject of this document or of the quality of the securities that are the subject of this document. Investors should make their own assessment as to the suitability of investing in the securities. This document has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

This document comprises: (i) a circular prepared for the purposes of the General Meeting convened pursuant to the Notice of General Meeting set out at the end of this document; and (ii) a prospectus relating to the New Ordinary Shares prepared for the purposes of Article 14 of the Prospectus Regulation, relating to De La Rue plc (the “**Company**” or “**De La Rue**”, and together with its subsidiary undertakings, the “**Group**”) and has been prepared and made available to the public in accordance with the Prospectus Regulation Rules of the FCA made under section 73A of FSMA.

The Existing Ordinary Shares have been admitted to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange. Application will be made to the FCA for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that admission to listing of the New Ordinary Shares on the premium listing segment of the Official List will become effective, and that dealings in the New Ordinary Shares on the London Stock Exchange's main market for listed securities will commence, at 8:00 a.m. on 7 July 2020.

Your attention is drawn to the Letter from the Chairman of the Company, which is set out in Part I (*Letter from the Chairman of the Company*) of this document. You should read the whole of this document, including the information incorporated by reference into this document and any accompanying documents. Shareholders and any other persons contemplating a purchase of New Ordinary Shares should review the Risk Factors set out on pages 13 to 27 of this document for a discussion of certain risks, uncertainties and other factors that should be considered when deciding on what action to take in relation to the Capital Raising or deciding whether or not to subscribe for or purchase New Ordinary Shares. In making an investment decision each investor must carry out their own examination, analysis and enquiry of the Company and the terms of the Capital Raising, including the merits and risks involved. No person has been authorised to give any information or make any representations other than those contained in this document and the Application Form and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or by either Rothschild & Co, Barclays, Investec or Numis.

A Notice of General Meeting to be held at 10:30 a.m. at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS on 6 July 2020 is set out at the end of this document. You are asked to complete and return the enclosed Proxy Form in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by the Registrar by not later than 10:30 a.m. on 4 July 2020 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). You may also submit your proxy electronically at www.investorcentre.co.uk/eproxy using the Control Number, Shareholder Reference Number and PIN on the Proxy Form. If you are a member of CREST you may be able to use the CREST electronic proxy appointment service. Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by not later than 10:30 a.m. on 4 July 2020 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

In light of the prevailing guidance from the UK Government in relation to the COVID-19 outbreak and specifically the restrictions on unnecessary travel and large gatherings, the General Meeting will be convened with the minimum quorum of Shareholders (which will be facilitated by De La Rue's management) in order to conduct the business of the meeting. Accordingly, the Company strongly encourages all Shareholders to submit their Proxy Form in advance of the meeting, appointing the Chairman of the General Meeting as proxy rather than a named person. In the interests of safety and in accordance with applicable UK Government guidance, entry to the General Meeting will be refused to any Shareholder, proxy or corporate representative (other than those required for a quorum to exist) who attempt to attend the General Meeting in person. The Company will continue to closely monitor the developing impact of COVID-19, including the latest UK Government guidance. Should it become appropriate to revise the current arrangements for the General Meeting, any such changes will be notified to Shareholders through our website at www.delarue.com and, where appropriate, by announcement made by the Company to a Regulatory Information Service.

The latest time and date for acceptance and payment in full for the New Ordinary Shares by Qualifying Shareholders is expected to be 11:00 a.m. on 3 July 2020. The procedures for acceptance and payment are set out in Part V (*Terms and Conditions of the Capital Raising*) of this document and, for Qualifying Non-CREST Shareholders only, also in the Application Form. Qualifying CREST Shareholders should refer to section 5 of Part V (*Terms and Conditions of the Capital Raising*) of this document.

N. M. Rothschild & Sons Limited ("Rothschild & Co"), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for De La Rue and no-one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this document) as a client of Rothschild & Co in relation to the Capital Raising or any arrangement referred to in, or information contained in, this document and will not be responsible for providing the protections afforded to Rothschild & Co clients nor for giving advice in relation to the Capital Raising, or any arrangement referred to or information contained in this document.

Barclays Bank PLC ("Barclays"), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority, is acting exclusively for De La Rue and no-one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this document) as a client of Barclays in relation to the Capital Raising or any arrangement referred to in, or information contained in, this document and will not be responsible for providing the protections afforded to Barclays clients nor for giving advice in relation to the Capital Raising, or any arrangement referred to or information contained in this document.

Investec Bank plc (“Investec”), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority, is acting exclusively for De La Rue and no one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this document) as a client of Investec in relation to the Capital Raising or any arrangement referred to in, or information contained in, this document and will not be responsible for providing the protections afforded to Investec clients nor for giving advice in relation to the Capital Raising, or any arrangement referred to or information contained in this document.

Numis Securities Limited (“Numis”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for De La Rue and no-one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this document) as a client of Numis in relation to the Capital Raising or any arrangement referred to in, or information contained in, this document and will not be responsible for providing the protections afforded to Numis clients nor for giving advice in relation to the Capital Raising, or any arrangement referred to or information contained in, this document.

NOTICE TO US INVESTORS

This document and the Application Form each does not constitute an offer to any person with a registered address in, or who is resident in, the United States or any other Restricted Jurisdiction. New Ordinary Shares have not been and will not be registered under the US Securities Act, or with any regulatory authority or under the applicable securities laws of any state or other jurisdiction of the United States, or the relevant laws of any state, province or territory of any other Restricted Jurisdiction and, subject to certain exceptions, may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States or any other Restricted Jurisdiction. This document does not constitute an offer to sell or a solicitation of an offer to buy New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. Neither this document nor the Application Forms will be distributed in or into the United States or any of the other Restricted Jurisdictions. The New Ordinary Shares offered outside the United States are being offered in reliance on Regulation S under the US Securities Act.

The New Ordinary Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. There will be no public offer of the New Ordinary Shares in the United States.

The Joint Bookrunners may arrange for any New Ordinary Shares not taken up in the Open Offer to be offered and sold only outside the United States in accordance with Regulation S under the US Securities Act.

In addition, until 40 days after Admission, an offer, sale or transfer of the New Ordinary Shares within the United States by a dealer (whether or not participating in the Open Offer) may violate the registration requirements of the US Securities Act. The Company is not subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the “**US Exchange Act**”).

NOTICE TO CANADIAN INVESTORS

The New Ordinary Shares may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 – Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the New Ordinary Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment to this prospectus) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 – Underwriting Conflicts (“NI 33-105”), the Joint Bookrunners are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the Capital Raising.

NOTICE TO OVERSEAS SHAREHOLDERS

EXCEPT AS OTHERWISE SET OUT HEREIN, THE CAPITAL RAISING DESCRIBED IN THIS DOCUMENT IS NOT BEING MADE TO SHAREHOLDERS OR INVESTORS IN ANY RESTRICTED JURISDICTION. NONE OF THE SECURITIES REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

The Company, Rothschild & Co, Barclays, Investec and Numis do not make any representation to any offeree, subscriber or acquirer of the New Ordinary Shares regarding the legality of an investment in the New Ordinary Shares by such offeree, subscriber or acquirer under the law applicable to such offeree, subscriber or acquirer. Each investor should consult with their own advisers as to the legal, tax, business, financial and related aspects of an acquisition of the New Ordinary Shares.

For a description of the restrictions on offers, sales and transfers of the New Ordinary Shares and the distribution of this document, see Part V (*Terms and Conditions of the Capital Raising*).

All Overseas Shareholders and any person (including, without limitation, a nominee or trustee) who has a contractual or legal obligation to forward this document or any Application Form, if and when received, or any other document to a jurisdiction outside the United Kingdom should read Part VI (*Overseas Shareholders*).

NOTICE TO ALL INVESTORS

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering an investment in New Ordinary Shares is prohibited. By accepting delivery of this document, each offeree of the New Ordinary Shares agrees to the foregoing.

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult their own legal, financial or tax adviser for legal, financial or tax advice.

None of the Company, Rothschild & Co, Barclays, Investec or Numis, or any of their respective affiliates, directors, officers, employees or advisers, is making any representation to any offeree, purchaser or acquirer of New Ordinary Shares regarding the legality of an investment in the Capital Raising or the New Ordinary Shares by such offeree, purchaser or acquirer under the laws applicable to such offeree, purchaser or acquirer.

Without limitation, the contents of the Group's website do not form part of this document (including the contents of any websites accessible from the hyperlinks of such website), other than the information set out in Part IX (*Information Incorporated by Reference*).

Capitalised terms have the meanings ascribed to them in the Definitions set out at the end of this document.

RESPONSIBILITY

The Directors, whose names and principal functions appear in section 7 of Part VIII (*Additional Information*) of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors, and the Company, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares have been subject to a product approval process, which has determined that the New Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Ordinary Shares may decline and investors could lose all or part of their investment; the New Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the New Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Capital Raising. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Ordinary Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the New Ordinary Shares and determining appropriate distribution channels.

The date of this document is 17 June 2020.

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SUMMARY

1. INTRODUCTION AND WARNINGS

1.1 Details of the issuer

The issuer is De La Rue plc, a public limited company, incorporated in England and Wales with registered number 03834125 and with its registered office at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS. The telephone number of De La Rue is +44(0)1256 605000 and the LEI of De La Rue is 213800DH741LZWIJXP78.

1.2 Details of the securities

The Existing Ordinary Shares are registered with ISIN GB00B3DGH821 and are traded on the main market for listed securities of the London Stock Exchange under the ticker symbol "DLAR". The New Ordinary Shares will also be registered with ISIN GB00B3DGH821.

1.3 Details of the FCA

This document has been approved by the FCA as the competent authority under the Prospectus Regulation.

The head office of the FCA is at 12 Endeavour Square, London, E20 1JN. The telephone number of the FCA is +44 (0)20 7066 1000.

1.4 Date of approval of the prospectus

17 June 2020.

1.5 Warnings

This summary should be read as an introduction to this document.

Any decision to invest in the New Ordinary Shares should be based on a consideration of the document as a whole. If you decide to invest in the New Ordinary Shares, all or part of any capital invested could be lost.

Where a claim relating to the information contained in this document is brought before a court, a plaintiff might, under national law, have to bear the costs of translating this document before the legal proceedings are initiated.

Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or where it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in the New Ordinary Shares.

2. KEY INFORMATION ON THE ISSUER

2.1 Who is the issuer of the securities?

The Company was incorporated and registered in England and Wales on 31 August 1999 as a private limited company under the name PreciS (1809) Limited with company number 03834125. On 25 November 1999, the Company changed its name from PreciS (1809) Limited to New De La Rue Limited and subsequently reregistered as a public limited company on 30 November 1999. On 1 February 2000, the Company changed its name from New De La Rue plc to De La Rue plc. The legal entity identifier of the Company is 213800DH741LZWIJXP78. The Company's domicile is United Kingdom and it operates under the laws of England and Wales.

(A) *Principal activities*

The Group operates on a worldwide scale, supplying governments and commercial organisations with products and services that relate to the integrity of trade, and the movement and authenticity of goods. The Group is organised into two customer facing divisions: Currency and Authentication.

The key activities of the Currency division include printing currency across five Group sites worldwide, producing Safeguard® polymer substrate, and providing a portfolio of security features (including new security features such as Ignite® and Kinetic StarChrome®). In addition, the Group has developed a suite of software which supports data analytics in relation to the management of cash in circulation.

The key activities of the Authentication division are the supply of a range of physical and digital solutions such as: tax stamps and supporting software solutions, authentication labels and associated brand protection digital solutions, and cheques and bank cards for customers based in certain African countries.

(B) *Major shareholders*

As at the Latest Practicable Date, the Company had been notified in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules of the following interests in its Existing Ordinary Shares:

	Number of Ordinary Shares ⁽¹⁾	% of voting rights ⁽²⁾
Crystal Amber Fund Limited	19,900,000	19.14
Brandes Investment Partners, L.P.	12,320,352	11.84
Schroders plc	6,061,026	5.83
Aberforth Partners LLP	5,228,657	5.11
Neptune Investment Management Limited	5,175,217	4.98
Royal London Asset Management Limited	5,167,312	4.98
Majedie Asset Management Limited	5,125,892	4.93

(1) Includes ordinary shares held pursuant to American Depositary Receipts, where relevant.

(2) Includes voting rights attributable to ordinary shares held pursuant to American Depositary Receipts, where relevant.

(C) *Key managing directors*

The key managing director of the Company is Clive Vacher (Chief Executive Officer).

(D) *Statutory auditor*

The auditor of the Company since June 2017 has been Ernst & Young LLP, whose registered address is at 1 More London Place, London SE1 2AF.

2.2 What is the key financial information regarding the issuer?

(A) *Selected key financial information*

Selected key historical financial information relating to the Group for the financial years ended 30 March 2019 and 28 March 2020 is set out below.

The financial information set out in the tables below has been extracted without material adjustment from the 2020 Financial Statements.

Consolidated income statement:

	Year ended 28 March 2020 (£ million)	Year ended 30 March 2019 (£ million)
Group revenue	466.8	564.8
Group operating profit	42.8	31.5
Profit before taxation	36.1	25.5
Profit from continuing operations	36.1	20.7
Profit for the year	35.8	18.3
Profits for the year attributable to owners of the parent	34.1	17.0
Basic earnings/(loss) per share	32.8p	16.5p
Diluted earnings/(loss) per share	32.7p	16.5p

Consolidated balance sheet:

	As at 28 March 2020 (£ million)	As at 30 March 2019 (£ million)
Non-current assets	238.9	174.2
Current assets	168.7	201.1
Total assets	407.6	375.3
Non-current liabilities	(24.3)	(82.9)
Current liabilities	(290.1)	(321.6)
Total liabilities	(314.4)	(404.5)
Net assets (liabilities)	93.2	(29.2)
Total equity attributable to shareholders of the Company	78.0	(39.1)
Non-controlling interests	15.2	9.9
Total equity	93.2	(29.2)

Consolidated Statement of Cash Flow:

	Year ended 28 March 2020 (£ million)	Year ended 30 March 2019 (£ million)
Cash generated from operating activities	1.5	(4.6)
Net cash flows (used in)/generated from operating activities	5.1	(6.6)
Net cash flows (used in)/generated from investing activities	25.6	(24.5)
Net cash flows before financing activities	30.7	(31.1)
Net cash flows (used in)/generated from financing activities	(27.5)	27.2
Net increase/(decrease) in cash and cash equivalents in the year	3.2	(3.9)
Cash and cash equivalents at the end of the year	14.5	11.3

The audit report on the historical financial information contained in, or incorporated by reference into, this document is unqualified. However, the auditor's report on the 2020 Financial Statements contains: (i) a material uncertainty in respect of going concern in relation to the securing of Shareholder approval for the Capital Raising; and (ii) draws attention to the additional disclosure provided by the Company in respect of the prospective impact of the continuing COVID-19 pandemic on the Group's business. The auditor's report is not modified in respect of either of these matters.

2.3 What are the key risks that are specific to the issuer?

Prior to investing in the New Ordinary Shares, prospective investors should consider the associated risks. The key risks specific to the Company are:

- If the Capital Raising does not proceed and the proceeds of an equity capital raise in the gross amount of at least £100 million are not received by the Company on or before 31 July 2020 (the "**Long Stop Date**") then pursuant to the terms of the Revolving Facility Agreement Amendment, the Company must agree an alternative financing plan with the Lenders (acting reasonably) as soon as reasonably practicable and, at the latest, within 45 days of the Long Stop Date (or such longer period as the Company and the Lenders may agree) (the "**Plan Deadline**"). There can be no certainty that an alternative financing plan would be agreed with the Group's Lenders by the Plan Deadline. Moreover, even if an alternative financing plan were to be agreed, there can be no certainty as to its terms. If an alternative financing plan were not agreed by the Plan Deadline, this would constitute an immediate event of default under the Revolving Facility Agreement (as amended by the Revolving Facility Agreement Amendment) and, as a result, the Lenders would have the right to immediately withdraw and cancel the Group's facility and demand repayment of any drawings on the facility, which, as at the Latest Practicable Date, amounted to £153.5 million. Under these circumstances, the Group is not expected to have sufficient cash resources to repay the amounts drawn and/or to continue trading and the Group could be forced into insolvent liquidation.

- Despite the wider global impact of the COVID-19 pandemic, as at the Latest Practicable Date, the Group's operations have experienced only limited disruption due to the impact of the COVID-19 pandemic. Nevertheless, if the COVID-19 pandemic continues and results in a prolonged period of onerous restrictions affecting businesses, then there could be a material adverse effect on the Group's business, results of operations, financial condition and/or prospects as a result of, among other things: (i) delays to customers placing new orders (and, in the event of significant disruption, weakened demand from the Group's customers (particularly within the Authentication division)); (ii) supply chain disruptions; (iii) distribution network disruptions; and/or (iv) prolonged material disruption affecting one or more of the Group's manufacturing sites as a result of the introduction of more stringent restrictions by the relevant authorities and/or the absence of a significant number of employees for COVID-19 related reasons.
- Termination of, or the failure to renew any of the Group's key contracts, especially the Group's contract with Microsoft in respect of the supply of certificates of authenticity for Microsoft's licensed software and genuine Microsoft labels and its 10 year agreement with the Bank of England (which entered into effect in April 2015) to be its exclusive printer of banknotes, would be likely to lead to a significant reduction in the Group's revenue and profit and to have a material adverse impact on the Group's business, results of operations, financial condition, reputation and/or prospects.
- The Group may suffer significant reputational and financial damage as a result of any violations of anti-bribery and corruption legislation by its representatives, or any perception that such violations have occurred on account of the instigation of an investigation.
- The closure of any one of the Group's key manufacturing sites, whether as a result of natural disaster, industrial action or measures introduced in response to the COVID-19 pandemic, could lead to reduced operational capacity and may result in disruption to customer service delivery, brand damage and increased costs for the Group. If not remedied, these factors could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects, particularly where the site represents a single source of supply.
- A failure in quality management and/or delivery could have a material adverse impact on the Group's relationship with key customers, harm the Group's reputation, and may lead to a material increase in costs for the Group and/or the termination of material contracts. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.
- Failure by the Group to innovate in its products, services and manufacturing techniques and technology could result in the Group's products and services being uncompetitive in the market and may result in lower demand, loss of market share and lower margins and revenue for the Group. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.
- Failure of a key supplier (on which the Group is dependent for specialist components) to deliver products on time or to specification could lead to the Group's inability to fulfil contractual requirements, which may result in the Group incurring financial liabilities, losing contracts with key customers and/or suffering material reputational damage. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.
- The Group's financial performance in any particular financial period is heavily reliant on a relatively small number of large orders and the timing of the completion of production of such orders. In addition, the timing of the execution of contracts for forecast future orders is also difficult to predict. Although the Group seeks to limit the impact of such issues on its financial performance, the Group believes that its financial performance will continue to be affected by these issues. Should such issues arise again in the future, they could require the Company to issue one or more profit warnings, which could produce a negative response from investors, leading to a reduction in the Company's share price.

3. KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?

The Firm Placing and Placing and Open Offer comprise in aggregate 90,909,091 New Ordinary Shares of which 45,410,026 New Ordinary Shares are proposed to be issued under the Firm Placing and 45,499,065 New Ordinary Shares are proposed to be issued under the Placing and Open Offer, in each case at 110 pence per New Ordinary Share.

The New Ordinary Shares will be ordinary shares of 44¹⁵²/₁₇₅p each in the capital of the Company. On Admission, the New Ordinary Shares will be registered with ISIN GB00B3DGH821. The ISIN of the Open Offer Entitlements is GB00BMFZWR45. The ISIN of the Excess Open Offer Entitlements is GB00BMFZWK75.

The Existing Ordinary Shares are denominated and quoted in pounds sterling on the London Stock Exchange and the New Ordinary Shares will be quoted and traded in the same way.

As at the Latest Practicable Date, there were 103,997,862 Existing Ordinary Shares in issue (all of which were fully paid or credited as fully paid).

The New Ordinary Shares will be issued and credited as fully paid and will rank *pari passu* in all respects with the Ordinary Shares and rank in full for all dividends and distributions declared in respect of Ordinary Shares after their issue.

Subject to any special rights, restrictions or prohibitions on voting for the time being attached to any Ordinary Shares (for example, in the case of joint holders of a share, the only vote which will count is the vote of the person whose name is listed before the other voters on the register for the share), Shareholders shall have the right to receive notice of, and to attend and vote at, general meetings of the Company.

The Ordinary Shares are freely transferable and there are no restrictions on transfer of the Ordinary Shares in the United Kingdom.

The Ordinary Shares have do not carry any rights to participate in a distribution (including on a winding-up) other than those that exist as a matter of law. The Company also has Deferred Shares in issue. On a return of capital on a winding-up (excluding any intra-group re-organisation on a solvent basis), the holders of Deferred Shares are entitled to be paid the nominal capital paid up or credited as paid up on such shares only after Shareholders and holders of any other shares in issue have been paid the nominal capital paid up or credited as paid up on such shares, together with the sum of £100 million on each Ordinary Share.

As announced by the Company on 26 November 2019, the Company's board of directors has decided to suspend future dividend payments in order to manage net debt levels as one of the measures undertaken to respond to the identified material uncertainty. Furthermore, pursuant to the Revolving Facility Agreement Amendment, the Company is prevented from paying dividends to Shareholders within 18 months of the date on which the amendments to the Revolving Facility Agreement become effective (which is expected to be on or around Admission).

3.2 Where will the securities be traded?

Application will be made to the FCA and to the London Stock Exchange for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

It is expected that admission to listing of the New Ordinary Shares on the premium listing segment of the Official List will become effective, and dealings in the New Ordinary Shares on the London Stock Exchange's main market for listed securities will commence, at 8:00 a.m. on 7 July 2020.

3.3 What are the key risks that are specific to the securities?

- Prospective investors should be aware that the value of an investment in the Company may go down as well as up and any fluctuations may be material. The market value of the Ordinary Shares can fluctuate substantially and may not always reflect the underlying value or prospects of the Group.
- There is no assurance that the public trading market price of the Ordinary Shares will not decline below the Offer Price.

- Following the issue of the New Ordinary Shares to be allotted pursuant to the Capital Raising, Shareholders not participating in the Firm Placing will experience dilution in their ownership of the Company. In addition, any future issue of shares may further dilute the holdings of the Shareholders.
- De La Rue has not declared a dividend since May 2019 and pursuant to the Revolving Facility Agreement Amendment, the Company is prevented from paying dividends to Shareholders within 18 months of the date on which the amendments to the Revolving Facility Agreement become effective. There is no assurance that dividend payments will be made in the future.
- There is no guarantee that there will be sufficient liquidity in the Ordinary Shares to sell or buy any number of Ordinary Shares at a certain price level.

4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1 Under which conditions and timetable can I invest in this security?

Firm Placing: The Company is seeking to raise approximately £50 million (gross) through the Firm Placing of 45,410,026 New Ordinary Shares at the Offer Price to the Firm Placees. The Firm Placing is not subject to clawback. The Firm Placing is subject to the same conditions and termination rights which apply to the Placing and Open Offer.

Open Offer: The Company intends to raise approximately £50 million (gross) through the Placing and Open Offer of 45,499,065 New Ordinary Shares at the Offer Price.

Subject to the fulfilment of the conditions below, Qualifying Shareholders are being given the opportunity to subscribe for New Ordinary Shares *pro rata* to their existing shareholdings on the basis of 7 New Ordinary Shares at 110p each for every 16 Existing Ordinary Shares held by them and registered in their names at the Record Time.

Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Open Offer Entitlements and will be aggregated and made available under the Excess Application Facility.

Qualifying Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at the Offer Price through the Excess Application Facility. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full or in respect of the aggregated fractional entitlements to Open Offer Shares. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, at their absolute discretion, and no assurance can be given that the application by Qualifying Shareholders for Excess Open Offer Shares will be met in full or in part or at all.

Placing: Any New Ordinary Shares which are not applied for under the Open Offer (including the Excess Application Facility) will be allocated to Conditional Placees pursuant to the Placing.

General

The Capital Raising is conditional upon the following:

- the Resolutions being passed by Shareholders at the General Meeting;
- the Placing Agreement becoming unconditional; and
- Admission becoming effective by not later than 8:00 a.m. on 7 July 2020 or such later time and/or date (being not later than 8:00 a.m. on 31 July 2020) as the Company and the Joint Bookrunners may agree.

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Capital Raising will not proceed. In such circumstances, application monies will be returned without payment of interest, as soon as practicable thereafter.

The Capital Raising is being fully underwritten by the Joint Bookrunners, subject to the conditions set out in the Placing Agreement.

Application will be made to the FCA and to the London Stock Exchange for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective, and that dealings in the New Ordinary Shares will commence, by 8:00 a.m. on 7 July 2020.

The New Ordinary Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares and rank in full for all dividends and distributions declared in respect of Ordinary Shares after their issue.

Dilution

If a Qualifying Shareholder who is not a Placee does not take up any of their Open Offer Entitlements or Excess Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 46.6 per cent. as a result of the Capital Raising.

If a Qualifying Shareholder who is not a Placee takes up their Open Offer Entitlements in full (assuming he or she does not participate in the Excess Application Facility), such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 23.3 per cent. as a result of the Firm Placing.

Costs and Expenses

The total estimated costs and expenses of the Capital Raising payable by the Company are approximately £8 million (excluding recoverable VAT). Shareholders will not be charged expenses by the Company in respect of the Capital Raising.

4.2 Why is this document being produced?

Reasons for the Capital Raising

The Company expects to raise net proceeds of approximately £92 million from the Capital Raising. The Capital Raising is being fully underwritten by the Joint Bookrunners, subject to the conditions set out in the Placing Agreement. The Directors believe that the Capital Raising is required to provide the Company and its management with operational and financial flexibility to implement the Turnaround Plan. In particular given the investment needed to achieve the full benefits of the Turnaround Plan, the upcoming refinancing requirement of its existing debt facilities, the loss of the UK passport production contract at the end of September 2020, and the current unprecedented uncertainty in the financial and commercial markets, the Directors believe that the Capital Raising is necessary in order to enable the transformation of the Group's operational and financial performance.

The Group intends to use the net proceeds from the Capital Raising to invest in the Turnaround Plan. As at the Latest Practicable Date, the Directors expect to use the net proceeds to:

- provide the investment required to grow the Authentication division, especially in respect of the provision of tobacco tax stamps compliant with the FCTC (expected investment of approximately £35 million);
- cover the restructuring cash costs of the Group's accelerated cost reduction programme (expected investment of approximately £16 million);
- invest in new equipment to double the Currency division's capacity for polymer production (expected investment of approximately £15 million);
- finance footprint-related capital expenditure in respect of the Group's overseas manufacturing sites (expected investment of approximately £9 million); and
- invest in the expansion of the Group's security features business (in respect of both the Currency and Authentication divisions) (expected investment of approximately £5 million).

The balance of approximately £12 million is expected to be used for general working capital purposes and/or to strengthen the Company's balance sheet.

Material interests: There are no interests, including any conflicting interests, known to the Company that are material to the Company or the Capital Raising.

RISK FACTORS

Any investment in the New Ordinary Shares is subject to a number of risks and uncertainties. Accordingly, prior to any such investment in the New Ordinary Shares, prospective investors should carefully consider the risks and uncertainties associated with any such investment, the Group's business and the industry in which it operates, together with all other information contained in this document and all of the information incorporated by reference into this document, including, in particular, the risk factors described below.

Prospective investors should note that the risks and uncertainties summarised in the section of this document headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the New Ordinary Shares. However, as the risks and uncertainties which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks and uncertainties summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks which prospective investors may face when making an investment in the New Ordinary Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Directors currently deem immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, financial condition, results of operations and prospects and, if any such risk should materialise, the price of the New Ordinary Shares may decline and investors could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the New Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances.

1. RISKS RELATING TO THE BUSINESS AND OPERATIONS OF THE GROUP

1.1 The Group's business, results of operations and/or prospects could be materially adversely affected if the Resolutions are not passed and the Capital Raising does not proceed.

The Revolving Facility Agreement Amendment

The Directors believe that the Capital Raising is required to provide the Company and its management with operational and financial flexibility to implement the Turnaround Plan.

Furthermore, if the Capital Raising does not proceed, the Directors' base case projections (and the Directors' reasonable worst case projections) show that executing the Turnaround Plan is expected, under the terms of the Group's existing and un-amended Revolving Facility Agreement, to result in the Group breaching the Consolidated Net Debt to EBITDA ratio covenant for the testing period ending on 30 September 2020 and subsequent testing periods, as the Consolidated Net Debt to EBITDA ratio on the relevant dates is forecasted in those projections to exceed the three times multiple threshold which would also constitute an event of default under the terms of the Revolving Facility Agreement. An event of default caused by a covenant breach would give the Lenders the right to immediately withdraw and cancel the Group's facility and demand repayment of any drawings on the facility.

Accordingly, in order to facilitate the Capital Raising and provide existing Shareholders and new investors with sufficient certainty around the continued availability, and terms, of the Group's financing to successfully implement the Turnaround Plan and support the future growth of the business, the Group entered into negotiations and agreed terms with the Lenders in order to secure (among other things): (i) an extension to the maturity date of the Group's existing Revolving Facility Agreement to 1 December 2023; (ii) a temporary relaxation of applicable financial covenants; and (iii) appropriately sized committed bonding facilities. Save for the Long Stop Provision (as defined below), all amendments to the Revolving Facility Agreement envisaged by the Revolving Facility Agreement Amendment are conditional, among other things, upon the Company receiving the proceeds of an equity capital raise in the gross amount of at least £100 million by no later than 31 July 2020 (the "**Long Stop Date**").

In exchange for agreeing to these key changes, the Lenders required that the Company agree to the inclusion of a provision in the Revolving Facility Agreement Amendment which, if the Capital Raising does not proceed, requires the Company to agree an alternative financing plan with the Lenders, failing which an immediate event of default under the Revolving Facility Agreement is automatically triggered (as further described below) (the “**Long Stop Provision**”). The Long Stop Provision entered into effect upon the Company entering into the Revolving Facility Agreement Amendment. A full summary of the Revolving Facility Agreement Amendment is set out in section 13.4 of Part VIII (*Additional Information*) of this document.

In view of the importance of the Capital Raising to the Company and its Shareholders as a whole, the Directors have concluded that entry into the Revolving Facility Agreement Amendment, which the Directors consider a necessary pre-condition to the Capital Raising, is in the best interests of the Company and its Shareholders as a whole. Accordingly, immediately prior to the announcement of the fully underwritten Capital Raising, the Company entered into the Revolving Facility Agreement Amendment.

Consequences of the Capital Raising not proceeding

If the Capital Raising does not proceed and the proceeds of an equity capital raise in the gross amount of at least £100 million are not received by the Company on or before the Long Stop Date then:

- (i) pursuant to the Long Stop Provision, the Company must agree an alternative financing plan with the Lenders (acting reasonably) as soon as reasonably practicable and, at the latest, within 45 days of the Long Stop Date (or such longer period as the Company and the Lenders may agree) (the “**Plan Deadline**”). During this period, the ability of the Group borrowers to borrow further funds (either as cash loans or new bonding arrangements) under the Revolving Facility Agreement would be restricted under the Revolving Facility Agreement Amendment; and
- (ii) in addition, the agreement between the Trustee and Company to reduce the current contributions to the UK Pension Scheme will not become effective. As a result, until a new schedule of contributions can be agreed or is ultimately imposed by the Pensions Regulator, the Company will be required to pay to the UK Pension Scheme £22.2 million between 1 April 2020 and 31 March 2021, £23.1 million between 1 April 2021 and 31 March 2022 and £23 million per annum thereafter until 31 March 2028 instead of £15 million per annum from 1 April 2020 until 31 March 2023 and payments of £24.5 million per annum thereafter until 31 March 2029. However, it is unlikely that the Group would be able to make any further payments to the UK Pension Scheme if, pursuant to the Long Stop Provision, an alternative financing plan were not to be agreed between the Company and the Lenders by the Plan Deadline. If an alternative financing plan were to be agreed, such plan would be likely to require the Trustee to accept a reduced schedule of contributions by the Company to the UK Pension Scheme.

There can be no certainty that an alternative financing plan would be agreed with the Group's Lenders by the Plan Deadline. Moreover, even if an alternative financing plan were to be agreed, there can be no certainty as to its terms, which could, among other things, require the Group to dispose of one or more of its businesses, implement a debt for equity swap and/or further restructure its debt on unfavourable terms.

If an alternative financing plan were not agreed by the Plan Deadline, this would constitute an immediate event of default under the Revolving Facility Agreement (as amended by the Revolving Facility Agreement Amendment) and, as a result, the Lenders would have the right to immediately withdraw and cancel the Group's facility and demand repayment of any drawings on the facility, which, as at the Latest Practicable Date, amounted to £153.5 million.

Under these circumstances, the Group is not expected to have sufficient cash resources to repay the amounts drawn and/or to continue trading and the Group could be forced into insolvent liquidation.

Accordingly, failure of the Resolutions to pass and the Capital Raising to proceed could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

1.2 The Group may not achieve its Turnaround Plan or realise the expected benefit from such plan, which could have a material adverse effect on the Group's financial position and prospects.

On 25 February 2020, following completion of the Group's planned business review, De La Rue announced a new Turnaround Plan. Among other things, the Turnaround Plan seeks to: (i) implement an accelerated cost reduction programme across the Group, targeting savings on an annualised basis from the second half of FY 20/21 of £35.9 million (in respect of which, actions expected to deliver £24.8 million of annualised savings have already been implemented as at the Latest Practicable Date); (ii) within the Group's Currency division, achieve market leadership through improved and sustainable profitability in the paper and polymer currency print business, increased investment in the transition from paper to polymer banknotes and greater investment in the Group's polymer and security features offerings; and (iii) deliver strong year-on-year growth in the Group's Authentication division during the Turnaround Plan period. The Board believes that the successful implementation of the Turnaround Plan will result in the Group having two strong divisions, with leading market positions and attractive opportunities for revenue and margin growth. The Board remains committed to implementing the Turnaround Plan and believes that, whilst there remains uncertainty in relation to the impact of the COVID-19 pandemic, the Group's execution of the Turnaround Plan remains deliverable over the three-year period contemplated by the Turnaround Plan.

Despite this, the Turnaround Plan, or the implementation of it, may not achieve its intended objectives, in whole or in part, and the Group may fail to realise, or experience delays in realising, the potential and anticipated benefits of the Turnaround Plan, including expected revenue and margin growth, cost reduction benefits, operational efficiencies and other benefits. This could be as a result of internal as well as external factors, such as operational, market and/or macroeconomic factors (including changes in forecast customer demand and/or the effects of the COVID-19 pandemic) some of which may be beyond the Group's control). In particular, while the planned investment in the Currency and Authentication divisions envisaged by the Turnaround Plan is based on the Group's detailed forecast projections of expected customer demand, there remains a risk that those forecasts could prove to be inaccurate and accordingly that such investment could fail to generate the expected return. Furthermore, as described more fully in Risk Factor 1.3, while the Group's business has experienced only limited disruption on account of the COVID-19 pandemic as at the Latest Practicable Date (with the Group's site in Sri Lanka being the only forced facility closure), the pandemic could nevertheless lead to reduced or suspended operations at one or more of the Group's manufacturing sites, material interruptions in the supply of raw materials to the Group and/or in the distribution of the Group's products and/or a material weakening in customer demand for the Group's products and services. While the Group would nevertheless expect, in such circumstances, to implement the Turnaround Plan's cost reduction programme outlined at (i) above, were all or any of the foregoing eventualities to occur, the Group's ability to implement the Turnaround Plan's objective to achieve market leadership in the Currency market and to deliver strong year-on-year growth in the Authentication division (as described at (ii) and (iii) above) may be adversely impacted.

Without prejudice to the working capital statement in section 12.1 of Part I (*Letter from the Chairman of the Company*) of this document, failure to realise the benefits of the Turnaround Plan, whether at all or within the timeframe envisaged or cost parameters anticipated by the Turnaround Plan, would be likely to adversely impact the Group's revenue, margin growth and profitability, and/or result in the Group incurring higher than expected costs. This, in turn, could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The implementation of the Turnaround Plan also requires a significant amount of management time and attention and there is a risk that the Group's management team may be unable to manage the level of change required to implement the plan while simultaneously ensuring that De La Rue's day-to-day business targets are achieved. Without prejudice to the working capital statement in section 12.1 of Part I (*Letter from the Chairman of the Company*) of this document, any significant adverse impact on De La Rue's business as a result of the Group's management's focus on the Turnaround Plan could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

1.3 The COVID-19 pandemic could have a material adverse effect on the Group's supply chain, distribution network, manufacturing operations and/or customer demand.

The Company has assessed, and continues to assess the potential for disruption caused by the COVID-19 pandemic and has put in place plans and measures in order to enable the business to maintain normal operations, to the extent possible, against the backdrop of an evolving situation. Within the UK and across many of the other countries in which the Group operates, many of the Group's products and services are considered by customers, governments and other relevant stakeholders to be essential to the underpinning of trade integrity, personal identity and/or the movement of goods. Accordingly, despite the wider global impact of the COVID-19 pandemic, as at the Latest Practicable Date, the Group's operations have experienced only limited disruption due to the impact of the COVID-19 pandemic. In particular, the Group's manufacturing sites have continued to operate with only moderate disruption, the Group's supply chain and distribution network has remained robust, the Group's order book remains strong and the Group remains committed to implementing its Turnaround Plan. While there remains considerable uncertainty in relation to the COVID-19 pandemic (including in relation to its duration, extent and ultimate impact), the Board believes that the Group's operations will continue to experience only limited disruption due to the impact of the COVID-19 pandemic and that such disruption will continue to diminish in the coming months.

Nevertheless, if the COVID-19 pandemic continues and results in a prolonged period of onerous restrictions concerning matters such as: transportation; the operation of factories, offices and other places of work; physical attendance at places of work; and other similar restrictions affecting businesses, the Group could experience global supply and distribution disruptions, which may prevent (i) suppliers from providing the Group with the raw materials which are necessary for the operation of all or part of the Group's business; and/or (ii) the Group from distributing its products and/or services to its customers respectively. If such supply and distribution disruptions were to occur, the Group may not be able to develop alternative sourcing or distribution methods quickly or at all.

If current measures fail to adequately mitigate the impact of the COVID-19 pandemic in the countries in which the Group has a manufacturing presence, there is also a risk that one or more of the Group's manufacturing sites may be forced to partially or fully cease operations for a prolonged period as a result of the introduction of more stringent restrictions by the relevant authorities and/or the absence of a significant number of employees for COVID-19 related reasons. The Group benefits from a global manufacturing presence across multiple sites which allows the Group a measure of flexibility to re-direct production between different sites. By way of illustration, despite the Group's Sri Lanka manufacturing site (which accounted for approximately 17 per cent. of the Group's annual banknote production in FY19/20) being forced to close between 16 March and 10 May 2020, the Group was able to increase production at its other sites to partially mitigate the effect of the closure. Nevertheless, in the event of significant disruption across one or more of the Group's manufacturing sites, especially those located in the UK and Malta (which together account for the majority of the banknotes produced globally by the Group), the Group may be unable to switch production to alternative manufacturing sites quickly or at all.

Any disruption of the Group's production schedule caused by an unexpected shortage of components or raw materials or significant disruption across one or more of the Group's manufacturing sites could cause the Group to alter production schedules and, in an extreme case, suspend production entirely. Likewise, any disruption of the Group's distribution network could cause the Group to be unable to fulfil its contractual requirements in respect of deliveries to customers.

The restrictions resulting from the COVID-19 pandemic could also result in delays to the Group's customers agreeing contractual arrangements for products or services with the Group or, in the event of prolonged or significant COVID-19 related disruption, a weakening in demand from the Group's customers, particularly within the Authentication division.

Any of the foregoing eventualities could cause a loss of revenues, result in the Group having to pay damages and/or forfeiting performance bonds pursuant to its customer contracts in the event the Group is unable to fulfil its contractual obligations, cause the Group to lose contracts with key customers and/or result in the Group suffering material reputational damage, any of which could, in turn, have a material adverse effect on the business, results of operations, financial condition and/or prospects.

1.4 **The Group's business could be adversely affected by the termination of, or the failure to renew, one or more of its key contracts.**

While the Group operates globally and has a diversified geographic, product and customer profile, it relies heavily on a small number of medium and longer term material contracts. Among the Group's most material contracts are:

- in respect of its Authentication division, the Group's contract with Microsoft dated 14 September 2017 in respect of the supply of certificates of authenticity for Microsoft's licensed software and genuine Microsoft labels (the "**Microsoft Contract**"), which accounted for 4 per cent. of the Group's revenue for FY 19/20 on an IFRS all operations basis. Although the Microsoft Contract is due to expire at the end of June 2021, the Group's contractual arrangements with Microsoft have been extended several times previously and certain of the products which the Group is contracted to supply under the Microsoft Contract are scheduled to be delivered and/or have a duration in the market beyond June 2021. Furthermore, although the Microsoft Contract is terminable by Microsoft for convenience on 180 days' notice, as at the Latest Practicable Date Microsoft has not notified the Company that it intends to exercise any right of termination which it has under the Microsoft Contract; and
- in respect of its Currency division, the Group's 10-year agreement with the Bank of England (dated 13 October 2014 and which entered into effect in April 2015) to be its exclusive printer of banknotes (the "**BOE Contract**"), which accounted for 10 per cent. of the Group's revenue for FY 19/20 on an adjusted revenue basis. The Bank of England has the option to extend the BOE Contract for a further three years to 2028. The BOE Contract is also terminable by the Bank of England for convenience (any notice period is at the sole discretion of the Bank of England) but, in the case of any such early termination, the Company would be entitled to compensation for: (i) certain capital costs incurred by the Company for maintenance and acquisition of relevant machinery; (ii) any costs incurred by the Company directly as a result of the termination of the Agreement; and (iii) specified lost profits. As at the Latest Practicable Date, the Bank of England has not notified the Company that it intends to exercise any right of termination which it has under the BOE Contract.

Termination of, or the failure to renew, any of the Group's key contracts, especially the contracts listed above, would be likely to lead to a significant reduction in the Group's revenue and profit and to have a material adverse impact on the Group's business, results of operations, financial condition, reputation and/or prospects.

1.5 **The Group may suffer significant reputational and financial damage as a result of bribery and corruption offences committed by its overseas representatives.**

The Group operates across the world, including in several high-risk jurisdictions where local business conduct standards may not meet the stringent business conduct standards applicable in the United Kingdom (which the Company requires all its subsidiaries, employees and representatives to follow). As part of its business activities, the Group uses a network of third party partners ("**TPPs**") around the world to support the Group's sales team and act as a link between customers and the business.

While the Group has developed and implements policies and procedures designed to mitigate the risk of those conducting business on its behalf engaging in bribery and corruption, given the nature of the Group's activities, including its use of TPPs, and its spheres of operation, there remains a risk that the Group's overseas representatives (including its TPPs) or other associated persons may, either individually or in collusion with others, act in contravention of anti-bribery and corruption legislation while acting on behalf of the Group.

Furthermore, regardless of whether the Group or those undertaking business on its behalf are ultimately found to have breached anti-bribery and corruptions laws, the Group may from time to time be subject to regulatory or governmental investigations concerning its conduct and that of its associated persons. For example, on 23 July 2019, the Company announced that the SFO had opened an investigation into the Group and its associated persons in relation to suspected corruption in the conduct of business in South Sudan. As announced by the Company on 16 June

2020, the SFO subsequently informed the Company of its decision to discontinue such investigation.

Any violations of anti-bribery and corruption legislation, or any perception that such violations have occurred on account of the instigation of an investigation, could have a material adverse effect on the Group's business, results of operations, financial condition, reputation and/or prospects, resulting from the imposition of substantial financial penalties and/or disgorgement measures, the cost of investigations, debarment from or ineligibility for tendering, injunction, litigation from third parties, asset seizures, termination of existing contracts, revocation or restrictions of licences, reputational damage, and in the case of individuals, imprisonment.

1.6 The closure of any one of the Group's key manufacturing sites could lead to reduced operational capacity and may result in disruption to customer service delivery, brand damage and increased costs for the Group.

The Group currently manufactures its products globally, and its manufacturing operations rely to a significant extent on several key manufacturing sites. The Group currently prints approximately 6 billion banknotes per year at factories in the following locations: Malta (1.5 billion), Kenya (1 billion), Sri Lanka (1.5 billion) and the United Kingdom (Debden (1 billion) and Gateshead (1 billion)). Other key manufacturing sites for the Group are located at Westhoughton, where the polymer and security features for the Group's Currency division are produced and Logan, USA, which is the sole production hub for the Izon® label for the Group's Authentication division. All the Group's manufacturing sites are exposed to customary business interruption risks, which include closure as a result of natural disaster, various contagious diseases, sabotage, industrial action, action by government agencies or other factors over which the Group would have no control, such as partial or full closure as a result of measures introduced in response to the COVID-19 pandemic (as described in Risk Factor 1.3). Although the Group would seek to mitigate the impact of the closure of a key manufacturing site by switching production to one or more of its other manufacturing sites, any such closure which were to last for a prolonged period could interrupt the Group's business and lead to increased costs, lost sales and/or reputational damage. If not remedied, these factors could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects, particularly where the site represents a single source of supply. Moreover, such significant disruptions may limit the Group's ability to introduce and distribute products or otherwise take advantage of opportunities in new and existing markets.

1.7 A failure in quality management and/or delivery could lead to a major customer quality incident, harming the Group's reputation and relationship with key customers and resulting in increased costs for the Group.

Many of the Group's customer contracts have unique specifications regarding product quality and delivery. Given the nature of the Group's business and the fact that many products the Group makes and many services the Group provides are bespoke at some level, many of these contracts demand a high degree of technical specification.

A failure in the Group's quality management system may occur for different reasons. In respect of the Currency division, such reasons may include the failure of machine operators to act in accordance with agreed quality standards, unclear product specifications and/or inadequate new product development processes, while, in respect of the Authentication division, such reasons may include unclear software code writing processes and/or inadequate ongoing IT service management.

Any such failure could have a material adverse impact on the Group's relationship with key customers, harm the Group's reputation, and may lead to a material increase in costs for the Group as a result of it having to pay damages in respect of the late delivery, rectification and/or the complete remake of relevant products and/or the termination of key contracts. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

1.8 A failure to innovate and modernise could have a material adverse effect on the Group's financial and competitive position.

The Company operates in competitive markets. The Group's products and services are characterised by continually evolving industry standards and changing technology, driven by the demands of its customers. Longer term threats could include the growth of e-commerce, the emergence of cashless societies and lower barriers to manufacturing. The launch of new products and services and new variants of existing products and services is an inherently uncertain process and the Group cannot guarantee that it will continuously develop successful new products and services or new variants of existing products and services, nor predict how customers will react to such products and services or how successful the Group's competitors will be in developing products and services. The Group's competitors may have or may obtain greater financial, technical or other resources than the Group has, which could: (i) enhance their ability to finance acquisitions and new product development; and/or (ii) mean that they are able to respond more quickly to changes in the market. Some of the Group's competitors may also be, or may become, able to produce similar, equivalent or superior products and/or services at lower costs than the Group can produce them. Accordingly, failure by the Group to innovate in its products, services and manufacturing techniques and technology (for example, in respect of the software developed by the Group's Authentication division and the polymer banknotes and related security features produced by the Group's Currency division) could result in the Group's products and services being uncompetitive in the market and may result in lower demand, loss of market share and lower margins and revenue for the Group. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

1.9 Failure of a key supplier (on which the Group is dependent for specialist components) to deliver products on time or to specification could lead to the Group's inability to fulfil contractual requirements, which may result in the Group incurring financial liabilities, losing contracts with key customers and/or suffering material reputational damage.

The Group has close trading relationships with, and is reliant on, a limited number of key suppliers, including unique producers of specialised components that it incorporates into its finished products. For example, although the Group relies on more than one supplier for the majority of its key products, the Group is reliant on single points of supply in respect of the provision of photopolymer holographic films for its Authentication division. Such supplier supplies all of such film used for all supplies of Izon® brand protection labels, which accounted for £10 million of revenue in FY 19/20. De La Rue's dependence on a limited number of key suppliers exposes it to the risk of limited availability and delivery schedules and the risk of the quality of the products produced by key suppliers declining. This risk is exacerbated by the fact that, although the Group seeks to identify alternative suppliers on an ongoing basis, it would be likely to take De La Rue several months to evaluate and introduce new suppliers for key direct materials used in the Group's production process.

Accordingly, if one or more of De La Rue's key suppliers becomes unable or unwilling to fulfil its delivery obligations, or is unable to source critical materials or supply products of the requisite quality for any reason (including, as a result of further measures introduced in response to the COVID-19 pandemic, notwithstanding that, as described in Risk Factor 1.2, the Group has experienced only limited disruption on account of the COVID-19 pandemic), the supplier favouring other purchasers due to better pricing or volume, financial difficulties, damage to production, transportation difficulties, labour disruption, supply bottlenecks of raw materials, natural disasters, war, terrorism or political unrest), there is a risk that the Group's ability to produce products on time or to specification could be negatively affected. This in turn could result in the Group having to pay damages and/or forfeiting performance bonds pursuant to its customer contracts, losing contracts with key customers and/or suffering material reputational damage. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

1.10 The Group's financial performance in any particular financial period is heavily reliant on a relatively small number of large orders and the timing of the completion of production of such orders.

The revenue and profit of De La Rue's business in any particular financial period is often driven by a relatively small number of large orders. The precise timing of the completion of production of, and therefore the timing of the recognition of the revenue and margin earned from, such orders is difficult to predict with certainty. In addition, the timing of the execution of contracts for forecast future orders is also difficult to predict. These challenges have impacted De La Rue's financial performance in the past and have previously led to the Company issuing profit warnings, most recently in October 2019. The Group seeks to limit the impact of such issues on its financial performance and has recently adopted a redesigned budgeting process which, by stipulating that: (i) all budget revenue must relate to an identified pipeline of opportunities from designated customers; and (ii) costs must be forecast in granular detail on the basis of specified cost saving plans, is expected to mitigate the risk of variances between budgeted and actual financial performance occurring. Despite this, the Group believes that its financial performance in particular financial periods will continue to be affected in the future by the issues outlined above. Should such issues arise again in the future, they could require the Company to issue one or more profit warnings, which could produce a negative response from investors, leading to a reduction in the Company's share price.

1.11 A material breach of information security could impact the Group's reputation with current and potential customers.

Due to the nature of the Group's business operations, De La Rue is exposed to a variety of financial and operational risks, including in respect of the use of information technology and personal data. These risks include, without limitation, the disruption or malfunction of the IT systems (including hardware, computer networks and telecommunications systems) which are used for the running of the Group's business.

De La Rue is generally exposed to risks in the field of information technology because unauthorised access to or misuse of data processed on its IT systems or those of its third-party service providers (including cloud-based providers), cybercrime, human errors associated therewith or technological failures of any kind could disrupt De La Rue's operations, including its manufacturing processes. In particular, although the Group seeks to detect and investigate all attempts to gain unauthorised access to its IT systems, aiming to prevent their reoccurrence, there remains a risk that increasingly sophisticated cyber-attacks may be difficult or impossible to detect and defend against.

A significant malfunction or disruption in the Group's IT systems or those of its third-party service providers (including cloud-based providers), or a security breach that compromises the confidential and sensitive information stored in any of those systems, could disrupt the Group's business and materially affect the Group's reputation, IP and/or customer base, which could then, for example, expose it to potential liability or litigation (including in respect of enforcement action by regulators in respect of data protection and related laws and regulations) or additional costs to its operations to address such disruption.

As part of its business, De La Rue collects, retains and processes certain confidential information, including the personal data of customers, employees and representatives. As a result, the Group's operations are subject to data protection and privacy laws, including the EU General Data Protection Regulation ("GDPR"). The GDPR, which came into force in May 2018, has increased the Group's regulatory responsibilities when processing personal customer, employee and other data in the conduct of its business. If De La Rue were found to have breached the requirements of the GDPR then it may lead to significant financial penalties being imposed on the Group which could have a material adverse effect on the Group's business, results of operations, reputation, financial condition and/or prospects.

1.12 The loss of products or high security components could cause reputational and financial damage for the Group.

The loss of products or high security components from one of the Group's manufacturing sites could occur as a result of negligence or theft. The loss of products (in particular currency), while in transit, particularly during transshipment, through the failure of freight companies or through the loss of an aircraft or vessel as a result of an accident or natural disaster, is also possible. Any loss of product, such as banknotes or other currency, or high security components could cause material reputational damage for the Group and, although the Group seeks to mitigate the potential financial impact of this risk through the use of insurance cover, could also cause financial damage for the Group. In certain circumstances, the Group could be liable to pay damages under the relevant customer contracts, could be liable to forfeit performance bonds pursuant to those customer contracts, could fail to renew or extend those customer contracts and/or could suffer material reputational damage, any of which could, in turn, have a material adverse effect on the Group's business, results of operations, financial condition, reputation and/or prospects.

1.13 The Group's revenue could be adversely affected by the imposition of sanctions and corresponding banking restrictions in respect of its customers and/or the countries in which the Group does business. Any breach of sanctions by the Group could lead to imprisonment and substantial fines for individuals, the leadership team, the Company's board of directors and the Company. In addition it may lead to a withdrawal of the Group's banking facilities, as well as disbarment from future tenders. Furthermore, the Group's business could be adversely affected by the restriction or withdrawal of payment and/or other banking services in certain jurisdictions due to the Group's banking partners adopting revised risk appetite frameworks.

Economic sanctions are restrictive or coercive measures implemented by international bodies such as the United Nations, the European Union, HM Treasury and the US Office of Foreign Assets Control. These measures are designed to curtail certain activities such as terrorism, military activity or human rights atrocities and can be put in place against individuals, groups, entities or nations. Economic sanctions have the effect of restricting the Group's business dealings with certain sanctioned countries, individuals and entities. Entering into or performing a contract or other commitment with a customer, supplier or partner which is subject to a sanction or trade embargo could lead the Group to be in breach of sanctions.

The Group has business operations across the world and has customers in many different jurisdictions. Many of the Group's contracts contain terms which stipulate that payment for the products or services provided by the Group only falls due several months after the commencement of such contracts. Accordingly, it is possible that sanctions may be imposed on a particular Group counterparty subsequent to the Group's entry into a contract with that counterparty but prior to the Group being paid by that counterparty for all or part of the products or services provided by the Group. While the Group undertakes steps intended to mitigate against the risk of these eventualities occurring (including due diligence on relevant counterparties and, where and to the extent possible, negotiation of contractual terms designed to mitigate against these risks) if sanctions are imposed on a contractual party prior to the Group's receiving payment for the products or services it supplies, then, as a result of the Group's inability to accept payment from sanctioned counterparties and/or the refusal of the Group's banking partners to hold or transfer relevant funds for compliance or other reasons, it is likely that the Group will suffer a loss of revenue and profitability, which may have a material adverse effect on the Group's business, results of operations, financial condition, reputation and/or prospects.

Although the Group has internal policies and procedures designed to ensure compliance with sanctions regulations, these policies and procedures cannot provide complete assurance that the Group's employees or overseas representatives will not take action in violation of its policies and procedures (or otherwise in violation of sanctions regulations, whether advertently or inadvertently) for which the Group or they may be ultimately held responsible. Litigation or investigations relating to alleged or suspected violations of sanctions regulations could lead to financial penalties being imposed on the Group, limits being placed on the Group's activities, the withdrawal of the Group's banking facilities, the disbarment of the Group from future tenders as well as imprisonment for the implicated individuals. Any of the foregoing could have a material

adverse effect on the Group's business, results of operations, financial condition, reputation and/or prospects.

Furthermore, irrespective of whether economic sanctions are implemented (or are pending or threatened) in any of the jurisdictions in which the Group operates, De La Rue's business may be adversely affected by the adoption of revised risk appetite frameworks by one or more of the Group's banking partners. Such frameworks may cause services (including, for example, payment services concerning the transfer of funds to or from the Group's commercial counterparties) to be withdrawn in one or more of the jurisdictions in which the Group operates and, in any such circumstances, there would be no guarantee that the Group would be able to procure the necessary replacement services within the required timeframe on commercially acceptable terms or at all. Accordingly the withdrawal of services by the Group's banking partners in one or more of the jurisdictions in which the Group operates could cause the Group to suffer a loss of revenue and profitability, which, in turn, could have a material adverse effect on the Group's business, results of operations and/or financial condition.

1.14 A major HSE incident which is attributed to the failure of the Group's management processes could damage De La Rue's reputation and lead to regulatory investigation and site closure.

All of the Group's activities at its manufacturing sites are subject to extensive internal health, safety and environmental ("HSE") procedures, processes and controls. Nevertheless, there is a risk that any failure of an HSE management process could result in a serious incident at such sites, at which the Group's employees often operate large pieces of machinery and equipment which require careful handling by trained individuals. Any failure in HSE performance, including any delay in responding to changes in HSE regulations, may result in the Group incurring potentially material financial penalties for non-compliance with relevant regulatory requirements, particularly where any such failure results in a major or significant health and safety incident. Furthermore, such a failure could generate significant adverse publicity and have a negative impact on De La Rue's reputation, which in turn may have a material adverse impact on the Group's business, results of operations, financial condition and prospects.

1.15 The Group has funding risks relating to its UK defined benefit pension scheme.

The Group provides retirement benefits to certain of its current and former UK employees through the De La Rue Pension Scheme ("UK Pension Scheme"), which is a defined benefit pension scheme based in the UK with assets held separately from the Group. The main section of the UK Pension Scheme closed to future accrual in 2013 but the classic section is still open to future accrual for one member.

The latest actuarial valuation of the UK Pension Scheme as at 31 December 2019, which was based on intentionally prudent assumptions, revealed a funding shortfall (technical provisions minus the value of the assets) of £142.6 million.

On 31 May 2020, the Trustee and the Company agreed the terms for a schedule of contributions and a recovery plan, setting out a programme for clearing the UK Pension Scheme deficit (the "**Recovery Plan**"). The Recovery Plan makes an allowance for post-valuation market conditions up to 30 April 2020 (at which point there is an estimated funding shortfall of £190 million), including the impact of COVID-19 on financial markets to that date. The £190 million deficit is addressed by payments of £15 million per annum (payable quarterly in arrears) payable from 1 April 2020 until 31 March 2023 and then payments of £24.5 million per annum (payable quarterly in arrears) from 1 April 2023 until 31 March 2029. Payments due under the Recovery Plan could be accelerated in the following exceptional circumstances:

- If the Company or any of its subsidiaries takes any action that will detrimentally affect in a material way the likelihood of accrued scheme benefits being received (being "material detriment" for the purposes of section 38A of the Pensions Act 2004) in any of FY 20/21, FY 21/22 or FY 22/23, the payment for each of those three years will increase to £22.2 million, £23.1 million and £23 million respectively. Such amounts are those which would have been due under the terms of the recovery plan agreed with the Trustee in 2016 (the "**2015 Recovery Plan**"), which was based on the actuarial valuation of the UK Pension Scheme as at 5 April 2015. By way of example, the Pensions Regulator's guidance (Code 12) states that the circumstances in which it expects to issue a contribution notice

as a result of being of the opinion that the material detriment test is met are (although this is not an exhaustive list):

- the transfer of the UK Pension Scheme or the Company abroad;
- the removal or substantial reduction of the Company's support for the UK Pension Scheme;
- the transfer of the liabilities of the UK Pension Scheme to another pension scheme which leads to a significant reduction of the Company's support in respect of its liabilities or funding to cover its liabilities; and/or
- a business model or the operation of the UK Pension Scheme in a way which creates financial benefit for the Company or another person, or which is designed to do so,

in each case, where proper account has not been taken of the interests of the members of the UK Pension Scheme, including where risks to members are increased; and

- If, during either of FY 21/22 or FY 22/23, the Consolidated Net Debt to EBITDA ratio is equal to or greater than 2.5x over the period to 31 March 2023, then an additional contribution of £4 million will be immediately payable to the Scheme (up to a maximum of £4 million in each relevant financial year). The Consolidated Net Debt to EBITDA ratio shall be monitored at the same time, at the same frequency and based on the same information as the equivalent financial covenant is to be tested under the Revolving Facility Amendment Agreement (but using the specific ratio threshold set out above).

Any additional payments to the Scheme arising from the contractual arrangements described above will constitute an acceleration of the Recovery Plan working back from those due in the year to 31 March 2029.

The previous actuarial valuation of the Scheme was agreed as at 5 April 2018 and, although valuations are usually obtained every three years, the Trustee contractually agreed to undertake a valuation as at 31 December 2019 (rather than at 5 April 2021) and not to call another valuation (whether under the Pensions Act 2004 or otherwise) until 31 December 2022. The agreement reached between the Company and the Trustee in relation to both the 5 April 2018 and 31 December 2019 valuations is subject to an amount in full settlement of the Capital Raising in the gross amount of at least £100 million having been received by the Company by no later than 31 July 2020 (the "**Criteria**"). Bringing forward the 2021 valuation provides certainty in respect of the Group's future contributions to the UK Pension Scheme for at least the Group's next three financial years until March 2023, provided that the Criteria are achieved.

The funding level of the UK Pension Scheme from time to time is dependent on the market value of the assets of the scheme and on the value placed on its liabilities. A variety of factors, including factors outside the Group's control, may adversely affect the value of the UK Pension Scheme's assets or liabilities, including interest rates, inflation rates, investment performance (including any impact on performance due to the COVID-19 pandemic), exchange rates, life expectancy assumptions, actuarial data and adjustments and regulatory changes. The Group may in the future be required to increase its level of contribution due to changes to these or other internal or external factors. The Group has reached a contractual agreement (subject to the Criteria being achieved) with the Trustee of the UK Pension Scheme as to the level of contributions up until the end of the Group's financial year in March 2029. However, contributions may change following the completion of the next statutory triennial valuation as at 31 December 2022 (whereupon any change to contributions must be agreed by 31 March 2024). The Trustee has also contractually agreed, subject to the Criteria being achieved, not to request any portion of the Capital Raising proceeds.

In addition, if certain statutory requirements are met, the UK Pensions Regulator has the power to issue contribution notices or financial support directions to the Group and/or any associated company. The Pensions Regulator may require additional contributions to be paid into a pension scheme or additional financial support to be made available in respect of such scheme. Any requirement to contribute additional funds into the UK Pension Scheme could threaten the Group's future capital expenditure and its ability to continue or increase dividend payments and

could in turn have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group also operates defined contribution pension arrangements in the UK and pays towards a decreasing number of small legacy unfunded promises in the UK (IAS 19 liability of approximately £4.5 million in FY 19/20). Outside of the UK, the Group operates other retirement benefit schemes, devised in accordance with local conditions and practices in the country concerned, covering the majority of employees. These include a gratuity scheme in Malta, 401k plans in the USA and a provident fund in Kenya, none of which are defined benefit schemes.

1.16 The Group's inability to protect adequately its proprietary technology and brand names could have a material adverse effect on its business.

The Group's security features business (in respect of both the Authentication and Currency divisions) relies substantially on proprietary technology, patent rights, confidential information, trade secrets, know-how, branding and market positioning to conduct its operations, and to attract and retain customers. The success of the Group's security features business depends on its ability to protect its know-how and its intellectual property portfolio, and maintain and obtain patents without infringing the proprietary rights of others. Although the Group has structured and well-tested processes to ensure that its knowhow and intellectual property is appropriately protected, any failure of such processes could result in the Group's security features business being materially damaged, which could, in turn, have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Despite the careful structuring of the Group's patent portfolio, the Group's existing patents and its pending and future patent applications may be challenged, circumvented or invalidated or may be unenforceable. Furthermore, patents may only be granted for certain claims, thereby limiting the scope of protection. Competitors may develop similar technology or succeed in circumventing the Group's existing patents, enabling them to manufacture and sell products which compete directly with those of the Group. This could cause a decline in the Group's revenues and operating results. There is therefore no guarantee that the Group's patent protection will exclude competitors, or that a patent granted in favour of the Group will withstand challenge, or that third parties will not in the future claim rights in, or ownership of, the patents and other proprietary rights from time to time held by the Group. If the Group is unable to maintain the proprietary nature of its technologies, it may lose any competitive advantage provided by its intellectual property. As a result, the Company's results of operations may be adversely affected and it may lead to the impairment of the amounts recorded for goodwill and other intangible assets.

As with the Group's technical intellectual property, the Group's brands are carefully managed via the Group's qualified in-house intellectual property manager working with external trademark attorneys where appropriate. The Group has registered its main brand names such as StarChrome®, Safeguard® and Izon® as trademarks in the European Union and its founder's head logo is protected in numerous jurisdictions worldwide but further applications for trademark registration may be refused or challenged in jurisdictions where a similar trademark for such products has been registered prior to the filing of the Group's application. Furthermore, the existing trademarks may be infringed or otherwise come under attack from third parties. An inability to use its brand names or continual infringement may adversely affect the Group's business in the relevant jurisdiction.

2. RISKS RELATING TO CHANGES IN LAW AND THE POLITICAL AND ECONOMIC ENVIRONMENT

2.1 The Group is exposed to risks relating to fluctuations in currency exchange rates, interest rates and related hedging activities.

The Group operates internationally and is exposed to foreign currency exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Euro and Swiss Franc. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group is also exposed to fluctuations in interest rates. For example, pursuant to the terms of its Revolving Facility Agreement, the rate of interest payable by the Group is set by reference to the variable rate of LIBOR or EURIBOR (for loans drawn in Euros) plus a margin. The Group aims to manage these risk through hedging where possible and practical; however, there are risks associated with the use of hedging

instruments. While limiting to some degree De La Rue's risk from fluctuations in currency exchange and interest rates by utilising hedging instruments (including the use of derivative financial instruments), such hedging activities may be ineffective or may not offset more than a portion of the adverse financial effect resulting from variations to such rates. De La Rue is also exposed to counterparty credit (or repayment) risk in respect of counterparties to hedging contracts.

2.2 The Group may be adversely affected by macroeconomic conditions.

Significant changes in macroeconomic conditions may substantially and adversely affect the business, financial and operating performance of the Group. For example, any significant increase in the prices of commodities such as cotton or inks could lead to materially increased costs for the Group, notwithstanding the Group's normal policy of buying commodities at prevailing market prices under medium term supply contracts. As further described in Risk Factor 1.3, supply and/or distribution issues and/or delays in the Group's customers placing new orders (or, in the event of prolonged or significant disruption, weakening in customer demand (particularly within the Authentication division) as a result of the COVID-19 pandemic could also have a material adverse effect on the Group's business, results of operations and financial condition. Moreover, the Group's business, results of operations and/or financial condition could also be adversely affected by more customary macroeconomic risks connected to interest rates, the rate of inflation and levels of economic growth.

2.3 The Group may be adversely affected by changes in legislation and regulation in the countries in which it operates.

The Group is active in more than 140 countries worldwide. Accordingly, the Group is subject to the risk of changes in law and regulation (including the introduction of new and stricter laws and regulations) across a variety of jurisdictions. Changes in law and regulations or the introduction of new laws and regulations could adversely affect the Group's operations and/or could increase the Group's costs of compliance. The Group may also be subject to investigations or audits by governmental authorities and regulatory agencies, either in the ordinary course of business or as a result of increased scrutiny from a particular agency towards an industry, country or practice. The Group may be unable to predict the content of new legislation and regulations and their effect on its business, a significant proportion of which is constituted by contracts with governments and central banks, and the Group may not adapt to regulations sufficiently quickly, or in a cost-efficient manner. If the Group fails to comply with laws, rules and regulations, as they are interpreted and applied, it may be subject to investigation, litigation, governmental or regulatory enforcement action, civil and criminal liability, damage to its reputation and increased cost of regulatory compliance, any of which could adversely affect its financial condition and/or results of operations.

3. RISKS RELATING TO THE FIRM PLACING, THE PLACING AND OPEN OFFER, AND THE ORDINARY SHARES

3.1 The price of the Ordinary Shares has fluctuated and may continue to fluctuate.

The market price of the New Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Ordinary Shares. The fluctuations could result from national and global economic and financial conditions (including the COVID-19 pandemic), the market's response to the Capital Raising, market perceptions of the Company and various other factors and events, including but not limited to variations in the Group's operating results, business developments of the Group and/or its competitors and the liquidity of the financial markets. Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the New Ordinary Shares.

De La Rue also has a number of major Shareholders with material holdings in the Company, and the holdings of some of these Shareholders may further increase as a result of the Capital Raising. If any of these Shareholders were to choose to sell their Ordinary Shares, this could cause material fluctuations in the value of the Ordinary Shares.

3.2 The market price for Ordinary Shares may decline below the Offer Price at which investors subscribe for New Ordinary Shares.

There is no assurance that the public trading market price of the Ordinary Shares will not decline below, as the case may be, the Offer Price. Should that occur, relevant Shareholders will suffer an immediate unrealised loss as a result, which may be significant. Moreover, there can be no assurance that, following Shareholders' acquisition of New Ordinary Shares, Shareholders will be able to sell their New Ordinary Shares at a price equal to or greater than the acquisition price for those shares.

3.3 Most Shareholders will experience dilution in their ownership of the Company as a result of the Capital Raising.

If a Qualifying Shareholder who is not a Placee does not take up any of their Open Offer Entitlements or Excess Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 46.6 per cent. as a result of the Capital Raising. If a Qualifying Shareholder who is not a Placee takes up their Open Offer Entitlements in full (assuming he or she does not participate in the Excess Application Facility), such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 23.3 per cent. as a result of the Firm Placing. Subject to certain limited exceptions, Shareholders in the Restricted Jurisdictions will not be able to participate in the Open Offer and will therefore experience dilution as a result of the Capital Raising.

In addition, Shareholders may experience immediate and substantial dilution by further share issues. Other than pursuant to the Capital Raising, the Company has no current plans for an offering of shares apart from possible offerings in relation to employee share plans or scrip dividend schemes. However, it is possible that the Company's directors may decide to offer additional shares in the future. If Shareholders did not take up such offer of shares or were not eligible to participate in such offering, their proportionate ownership and voting interests in the Company would be reduced and the percentage that their Ordinary Shares would represent of the total share capital of the Company would be reduced accordingly.

3.4 The Company has not declared a dividend since May 2019 and dividend payments may not be made in the future.

The Company has not declared or paid a dividend since May 2019. Furthermore, pursuant to the Revolving Facility Agreement Amendment (a summary of which is set out in section 13.4 of Part VIII (*Additional Information*) of this document), the Company is prevented from paying dividends to Shareholders within 18 months of the date on which the amendments to the Revolving Facility Agreement become effective (which is expected to be on or around Admission).

The Board does not expect to pay dividends unless and until the Company is generating sustainable positive free cash flow, which the Company is targeting by the end of the Turnaround Plan in FY 22/23. Until such positive free cash flow is achieved, the Group intends to continue to invest in its business and implement its Turnaround Plan.

The Company's ability to pay dividends in the future will depend on, among other things, improved financial performance and successful implementation of its Turnaround Plan. In addition, under UK company law, a company can only pay cash dividends to the extent that, among other things, it has distributable reserves and cash available for this purpose. As a parent company, the Company's ability to pay dividends in the future is affected by a number of factors, principally its ability to receive sufficient dividends from its subsidiaries. The payment of dividends to the Company by its subsidiaries is, in turn, subject to restrictions, including certain statutory and common law requirements and the existence of sufficient distributable reserves and cash in those subsidiaries. These restrictions could limit the Company's ability to fund other operations or to pay a dividend to Shareholders.

3.5 Sufficient liquidity in the market and potential share price volatility.

Admission should not be taken as implying that there will be a liquid market for the New Ordinary Shares. There is no guarantee that there will be sufficient liquidity in the Ordinary Shares to sell or buy any number of Ordinary Shares at a certain price level. The Company cannot predict the extent to which an active market for the Ordinary Shares will develop or be sustained, or how the development of such market might affect the market price for Ordinary Shares. An illiquid market for the Ordinary Shares may result in lower trading prices and increased volatility, which could adversely affect the value of any investment.

3.6 The admission of the New Ordinary Shares to listing on the Official List and to trading on the London Stock Exchange may not occur when expected.

Until the New Ordinary Shares are admitted to listing on the Official List and to trading on the London Stock Exchange, they will not be fungible with Existing Ordinary Shares currently traded on the London Stock Exchange. There is no assurance that the admission to listing on the Official List and to trading on the London Stock Exchange will take place when anticipated.

3.7 The ability of Overseas Shareholders to bring actions, or to enforce judgments, against the Company, the Company's directors or the officers of the Company may be limited.

The Company is a public limited company incorporated in England and Wales. As a result, the rights of Shareholders are governed by English law and the Company's Articles of Association, and may differ from the rights of shareholders in typical US corporations. In addition, the ability of an Overseas Shareholder to bring an action against it may be limited under English law, and it may not be possible for investors outside of the United Kingdom to effect service of process outside the United Kingdom against the Company or the Company's directors, or to enforce the judgement of a court outside the United Kingdom against the Company or the Company's directors. Likewise, Overseas Shareholders may not be able to enforce any judgments under the securities laws of countries other than the United Kingdom against the Company's directors who are residents of the United Kingdom or countries other than those in which judgment is made, and English or other courts may not impose civil liability on the Company's directors in any original action based solely on foreign securities laws brought against the Company or the Company's directors in a court of competent jurisdiction.

3.8 Overseas Shareholders may not be able to exercise pre-emptive rights in the future.

As part of the Capital Raising, the share capital of the Company will be increased and New Ordinary Shares will be issued. In addition, further share capital increases and share issues may be proposed in the future. Shareholders are entitled to pre-emptive rights in respect of new issues of shares for cash unless those rights are waived by a Shareholders' resolution.

Overseas Shareholders may not be able to exercise their pre-emptive rights as part of a future issue of shares for cash (even if pre-emption rights were not waived), unless the Company decides to comply with applicable local laws and regulations. This is because securities laws of certain jurisdictions may restrict the Company's ability to allow participation by certain Shareholders in any future issue of shares. In particular, Overseas Shareholders who are located in the United States may not be able to exercise their rights on a future issue of shares, unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements is available thereunder. The New Ordinary Shares will not be registered under the US Securities Act and the Company is unlikely to file registration statements for future share issues.

3.9 Investors with a reference currency other than pounds sterling are subject to certain exchange risks when they invest in New Ordinary Shares.

The Ordinary Shares are priced in Pounds Sterling, and will be quoted and traded in Pounds Sterling. In addition, any dividends the Company may pay will be declared and paid in Pounds Sterling. Accordingly, holders of Ordinary Shares resident outside the UK jurisdictions are subject to risks arising from adverse movements in the value of their local currencies against the Pounds Sterling, which may reduce the value of the New Ordinary Shares, as well as that of any dividends paid.

IMPORTANT INFORMATION

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult their own legal, financial or tax adviser for legal, financial or tax advice. In making an investment decision, each investor must carry out their own examination, analysis and enquiry of De La Rue and the terms of the Capital Raising, including the merits and risks involved.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation, neither the publication of this document nor any distribution of New Ordinary Shares shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group taken as a whole since the date of this document or that the information contained herein is correct as of any time subsequent to its date. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or by the Joint Bookrunners or the Sponsor. Any decision to invest in the New Ordinary Shares should be based on a consideration of this document as a whole by the investor.

NO INCORPORATION OF WEBSITE INFORMATION

Neither the contents of De La Rue's website (www.delarue.com) nor the content of any website accessible from hyperlinks on De La Rue's website is incorporated into, or forms part of, this documents and investors should not rely on them, without prejudice to the documents incorporated by reference into this document which will be made available on De La Rue's website.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document relate to the future, including 'forward looking statements' relating to the Group's financial position and strategy. These statements, including the explanatory wording in this document in relation to the Company's working capital, relate to future events or the future performance of the Group but do not seek in any way to qualify the working capital statement given by the Company. In some cases, these forward looking statements can be identified by the use of forward looking terminology, including the terms 'believes', 'estimates', 'plans', 'prepares', 'anticipates', 'expects', 'intends', 'may', 'will' or 'should' or, in each case, their negative or other variations or comparable terminology. These statements discuss future expectations concerning the Group's results of operations or financial condition, or provide other forward-looking statements.

These forward-looking statements are not guarantees or predictions of future performance, and are subject to known and unknown risks, uncertainties and other factors, including the risk factors set out in the section entitled 'Risk Factors', many of which are beyond the Group's control, and which may cause the Group's actual results of operations, financial condition and the development of the business sectors in which the Group operates to differ materially from those suggested by the forward-looking statements contained in this document. In addition, even if the Group's actual results of operations, financial condition and the development of the business sectors in which it operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Recipients of this document are cautioned not to put undue reliance on forward-looking statements.

Other than as required by English law, none of the Company, its officers, advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur, in part or in whole.

Additionally, statements of the intentions of the Board and/or Directors reflect the present intentions of the Board and/or Directors, respectively, as at the date of this document and may be subject to change as the composition of the Company's board of directors alters, or as circumstances require.

The forward looking statements speak only as at the date of this document. Except as required by the FCA, the London Stock Exchange or applicable law (including as may be required by the Prospectus Regulation, the FCA's Listing Rules, Prospectus Regulation Rules and the Disclosure Guidance and Transparency Rules), the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

NO FORECASTS OR ESTIMATES

Nothing in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per share for the Company for the current or future financial years will necessarily match or exceed the historical published earnings or earnings per share for the Company.

MARKET DATA

Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

PRESENTATION OF FINANCIAL INFORMATION AND NON-FINANCIAL OPERATING DATA

Historical financial information

The historical financial information presented in this document consists of the audited consolidated financial statements of the Group as of and for the year ended 28 March 2020.

The basis of preparation and significant IFRS accounting policies are explained in the notes to the consolidated financial statements which are incorporated by reference into this document, as explained in Part IX (*Information Incorporated by Reference*) of this document.

The Group presents its annual accounts as of the last Saturday in March in each financial year.

Non-IFRS financial measures

The Group has included certain measures in this document that are not measures defined by IFRS or any other generally accepted accounting principles such as adjusted revenue, adjusted core revenue and adjusted operating profit.

- “adjusted revenue” excludes ‘pass through’ revenue relating to non-novated contracts following the Paper Business and Identity Solutions Business sales.
- “adjusted core revenue” excludes ‘pass through’ revenue relating to non-novated contracts following the Paper Business disposal and all revenue relating to Identity Solutions Business (including on non-novated contracts).
- “adjusted operating profit” is defined as operating profit excluding the impact of exceptional items and amortisation of acquired intangibles.

The Directors believe that these measures provide important alternative information with which to assess the Group’s performance and are measures that the Board uses to manage the Group’s business.

The non-IFRS financial measures included in this document do not alone provide a sufficient basis to compare the Group’s performance with that of other companies and should not be considered in isolation or as a substitute for operating income or any other generally accepted measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity. In addition, these measures should not be used instead of, or considered as alternatives to, the Group’s historical financial information incorporated by reference into this document. As there are no generally accepted principles governing the calculation of this measure, the Company’s calculation of any non-IFRS financial measure may be different from the calculation of similarly titled measure disclosed by other companies and therefore comparability may be limited.

	2020				2019
	Currency	Authentication	IDS	Total	Total
Revenue on an IFRS basis	315.1	68.5	83.2	466.8	564.8
– exclude pass-through revenue	(33.5)	–	(6.6)	(40.1)	(48.2)
Adjusted revenue	281.6	68.5	76.6	426.7	516.6
– exclude Identity Solutions revenue				(76.6)	
Adjusted core revenue	281.6	68.5		350.1	

* IDS was part of core revenue in 2019

Non-financial operating data

The non-financial operating data included in this document has been extracted without material adjustment from the management records of the Company and is unaudited.

CURRENCY PRESENTATION

Unless otherwise indicated, all references in this document to “£”, “pounds”, “pounds sterling”, “Pounds Sterling” or “sterling” are to the lawful currency of the United Kingdom and references to “pence” or “p” represent pence in the lawful currency of the United Kingdom.

Unless otherwise indicated, all references in this document to “EUR”, “€” or “euro” are to the lawful currency in the Member States of the European Union that have adopted the single currency introduced in application of the European Economic Community Treaty.

Unless otherwise indicated, all references in this document to “\$”, “US\$”, “USD”, or “US Dollar” are to the lawful currency of the United States.

The Group prepares its consolidated financial statements incorporated by reference into this document in pounds. Unless otherwise indicated, the financial information contained in this document has been expressed in pounds.

ROUNDING

Certain data in this document including financial, statistical and operating information as well as the financial information presented in a number of tables have been rounded to the nearest whole number or the nearest decimal place. Therefore, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data and the sum of the numbers in a table may not conform exactly to the total figure given for that table. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

DISCLAIMER

Apart from the responsibilities and liabilities, if any, which may be imposed on Rothschild & Co, Barclays, Investec or Numis by FSMA or the regulatory regime established thereunder or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Rothschild & Co, Barclays, Investec or Numis nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this document including its accuracy, completeness and verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the New Ordinary Shares or the Capital Raising. Each of Rothschild & Co, Barclays, Investec and Numis and each of their respective affiliates accordingly disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this document or any such statement. No representation or warranty express or implied, is made by any of Rothschild & Co, Barclays, Investec or Numis or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document, and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future.

Rothschild & Co, Barclays, Investec or Numis and any of their respective affiliates acting as an investor for its or their own account(s) may subscribe for or purchase New Ordinary Shares as a principal position and, in that capacity, may retain, subscribe for, purchase, sell, offer to sell, contract to sell, transfer, dispose or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments in connection with the Capital Raising or otherwise. Accordingly, references in this document to the New Ordinary Shares being issued, offered, subscribed, sold or otherwise dealt with should be read as including any issue or offer to, or subscription or purchase or dealing by, Rothschild & Co, Barclays, Investec or Numis or any of them and any of their respective affiliates acting as an investor for its or their own account(s). In addition, Rothschild & Co, Barclays, Investec and Numis and any of their respective affiliates may in the ordinary course of their business activities enter into financing arrangements (including swaps) with investors in connection with

which Rothschild & Co, Barclays, Investec and Numis (or their respective affiliates) may from time to time acquire, hold, sell, offer to sell, contract to sell, transfer or otherwise dispose of New Ordinary Shares. Rothschild & Co, Barclays, Investec and Numis do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

In the ordinary course of their various business activities, each of Rothschild & Co, Barclays, Investec and Numis and their respective affiliates may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) in the Company and their respective affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments.

Each of Rothschild & Co, Barclays, Investec and Numis and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and its affiliates for which they would have received customary fees. In particular, Barclays is a lender under the Revolving Facility Agreement and the Revolving Facility Agreement Amendment. Each of Rothschild & Co, Barclays, Investec and Numis and their respective affiliates may provide such services to the Company and any of its affiliates in the future.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of Rothschild & Co, Barclays, Investec and Numis or any of their respective affiliates or representatives that any recipient of this document should subscribe for or purchase the New Ordinary Shares.

Investors who subscribe for or purchase New Ordinary Shares in the Capital Raising will be deemed to have acknowledged that: (i) they have not relied on any of Rothschild & Co, Barclays, Investec or Numis or any person affiliated with any of them in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (ii) they have relied on the information contained in this document, and no person has been authorised to give any information or to make any representation concerning the Company or its group or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by any of Rothschild & Co, Barclays, Investec or Numis.

WHERE TO FIND HELP

If you have any questions relating to the Firm Placing or the Placing and Open Offer, please telephone the Shareholder Helpline on:

0370 703 6375 (from inside the United Kingdom)
+44 370 703 6375 (from outside the United Kingdom)

This helpline is available from Monday to Friday (except public holidays in England and Wales) between 9:00 a.m. and 5:30 p.m. (BST). Calls may be recorded and randomly monitored for security and training purposes.

Please note that, for legal reasons, the Shareholder Helpline will only be able to provide the information contained in this document and information relating to the Company's register of members and will be unable to provide advice on the merits of the Capital Raising or provide financial, tax, investment or legal advice.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change. Please read the notes to the timetable set out below.

Record Time for Open Offer Entitlements	6:00 p.m. on 12 June 2020
Announcement of the Capital Raising	7:00 a.m. on 17 June 2020
Ex-Entitlements Time for the Open Offer	8:00 a.m. on 17 June 2020
Publication of this document	17 June 2020
Posting of this document, Application Forms (to Qualifying Non-CREST Shareholders only) and Proxy Forms	18 June 2020
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts in CREST (Qualifying CREST Shareholders only)	as soon as practicable after 8:00 a.m. on 19 June 2020
Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST (i.e. if your Open Offer Entitlements are in CREST and you wish to convert them to certificated form)	4:30 p.m. on 29 June 2020
Latest time for depositing Open Offer Entitlements into CREST (i.e. if your Open Offer Entitlements are represented by an Application Form and you wish to convert them to uncertificated form)	3:00 p.m. on 30 June 2020
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3:00 p.m. on 1 July 2020
Latest time and date for receipt of completed Application Forms and payments in full and settlement of CREST instructions (as appropriate)	11:00 a.m. on 3 July 2020
Latest time and date for receipt of Proxy Forms or electronic proxy appointments	10:30 a.m. on 4 July 2020
General Meeting	10:30 a.m. on 6 July 2020
Announcement of the results of the Capital Raising and the General Meeting	6 July 2020
Admission and dealings in New Ordinary Shares, fully paid, commence on the London Stock Exchange	by 8:00 a.m. on 7 July 2020
New Ordinary Shares credited to CREST stock accounts (uncertificated Shareholders only)	as soon as practicable after 8:00 a.m. on 7 July 2020
Despatch of definitive share certificates for the New Ordinary Shares in certificated form	on or around 20 July 2020

Notes:

1. The ability to participate in the Open Offer is subject to certain restrictions relating to Shareholders with registered addresses outside the United Kingdom, details of which are set out in Part V (*Terms and Conditions of the Capital Raising*) and Part VI (*Overseas Shareholders*).
2. These times and dates and those mentioned throughout this document and the Application Form are indicative only and may be adjusted by the Company in consultation with the Sponsor and the Joint Bookrunners, in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, Qualifying Shareholders.
3. References to times in this timetable are to BST.

CAPITAL RAISING STATISTICS

Offer Price	110 pence per New Ordinary Share
Basis of Open Offer	7 New Ordinary Shares for every 16 Existing Ordinary Shares ¹
Number of Existing Ordinary Shares ²	103,997,862
Discount of New Ordinary Shares to the Closing Price on 16 June 2020 (being the Business Day prior to the announcement of the Capital Raising)	28 per cent.
Number of New Ordinary Shares to be issued pursuant to the Capital Raising	90,909,091
Number of New Ordinary Shares to be issued by the Company pursuant to the Placing and Open Offer	45,499,065
Number of New Ordinary Shares to be issued by the Company pursuant to the Firm Placing	45,410,026
Number of Ordinary Shares in issue immediately following Admission	194,906,953
New Ordinary Shares as a percentage of the Enlarged Share Capital immediately following Admission	46.6 per cent.
Estimated gross proceeds of the Capital Raising ³	£100 million
Estimated net proceeds of the Capital Raising (after deduction of expenses)	£92 million

1 Fractions of New Ordinary Shares will not be allotted to Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the whole nearest number of New Ordinary Shares.

2 In issue as at 15 June 2020, being the Latest Practicable Date.

3 Unless otherwise stated, for the purposes of the table above and this document, the number of New Ordinary Shares to be issued under the Capital Raising is stated on the assumption that no further Ordinary Shares are issued as a result of the exercise of any options under any share plan, or otherwise, between the date of this document and the relevant time. In addition, the gross and net proceeds of the Capital Raising have been calculated on the basis that 45,410,026 New Ordinary Shares are issued under the Firm Placing and that 45,499,065 New Ordinary Shares are issued under the Placing and Open Offer.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

DIRECTORS	Kevin Loosemore (<i>Chairman</i>) Clive Vacher (<i>Chief Executive Officer</i>) Sabri Challah (<i>Senior Independent Director</i>) Maria da Cunha (<i>Independent Non-Executive Director</i>) Nick Bray (<i>Independent Non-Executive Director</i>)
REGISTERED OFFICE	De La Rue House Jays Close Viables, Basingstoke Hampshire RG22 4BS United Kingdom
COMPANY SECRETARY	Jane Hyde
SPONSOR AND FINANCIAL ADVISER	Rothschild & Co New Court St Swithin's Lane London EC4N 8AL
JOINT GLOBAL CO-ORDINATOR AND BOOKRUNNER	Barclays Bank PLC 5 The North Colonnade Canary Wharf London E14 4BB
JOINT GLOBAL CO-ORDINATOR AND BOOKRUNNER	Investec Bank plc 30 Gresham Street London EC2V 7QP
JOINT GLOBAL CO-ORDINATOR AND BOOKRUNNER	Numis Securities Limited 10 Paternoster Square London EC4M 7LT
LEGAL ADVISER TO THE COMPANY AS TO ENGLISH LAW	Slaughter and May One Bunhill Row London EC1Y 8YY
LEGAL ADVISER TO THE COMPANY AS TO US LAW	Fried, Frank, Harris, Shriver & Jacobson LLP 41 Lothbury EC2R 7HF
LEGAL ADVISER TO THE COMPANY AS TO JERSEY LAW	Mourant Ozannes 22 Grenville Street St Helier Jersey JE4 8PX Channel Islands
LEGAL ADVISER TO THE SPONSOR AND FINANCIAL ADVISER AND JOINT BOOKRUNNERS AS TO ENGLISH AND US LAW	White & Case LLP 5 Old Broad Street Cornhill London EC2N 1DW
AUDITORS	Ernst & Young LLP 1 More London Place London SE1 2AF
REPORTING ACCOUNTANT	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

REGISTRAR

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

RECEIVING AGENT

Computershare Investor Services PLC
Corporate Actions Projects
Bristol
BS99 6AH

PART I

LETTER FROM THE CHAIRMAN OF THE COMPANY



DeLaRue

(registered in England and Wales with registered number 03834125)

Directors

Kevin Loosemore (*Chairman*)
Clive Vacher (*Chief Executive Officer*)
Sabri Challah (*Senior Independent Director*)
Maria da Cunha (*Independent Non-Executive Director*)
Nick Bray (*Independent Non-Executive Director*)

Registered Office

De La Rue House
Jays Close
Viables, Basingstoke
Hampshire RG22 4BS
United Kingdom

17 June 2020

Dear Shareholder,

**Proposed Firm Placing of 45,410,026 New Ordinary Shares
at 110 pence per New Ordinary Share**

**Proposed Placing and Open Offer of 45,499,065 New Ordinary Shares
at 110 pence per New Ordinary Share**

1. INTRODUCTION

Today we announced a major capital raising to enable De La Rue to deliver its new Turnaround Plan. The capital raising comprises a Firm Placing and a Placing and Open Offer to raise approximately £100 million (approximately £92 million net of expenses). 45,410,026 New Ordinary Shares will be issued through the Firm Placing and 45,499,065 New Ordinary Shares will be issued through the Placing and Open Offer on the basis of 7 New Ordinary Shares for every 16 Existing Ordinary Shares.

The Offer Price of 110 pence per New Ordinary Share represents a discount of 28 per cent. to the Closing Price of 152.8 pence per Ordinary Share on 16 June 2020 (being the last Business Day prior to the announcement of the Capital Raising) and a premium of 14.6 per cent. to the 90 trading day volume weighted average price of 96 pence per Ordinary Share for the 90 trading days ending 16 June 2020 (being the last Business Day prior to the announcement of the Capital Raising).

The Capital Raising has been fully underwritten by the Joint Bookrunners, subject to the conditions set out in the Placing Agreement.

The purpose of this letter is to explain the background to and reasons for the Capital Raising, to summarise the key terms and conditions of the Firm Placing and Placing and Open Offer and to explain why the Board considers the Capital Raising to be in the best interests of De La Rue and Shareholders as a whole, and to seek your approval of the Resolutions to be proposed at the General Meeting.

The Capital Raising is conditional on, among other things, the passing of the Resolutions by Shareholders at the General Meeting, which is scheduled to take place at 10:30 a.m. on 6 July 2020. You can find the Notice of General Meeting at the Appendix to this document.

Your attention is drawn to section 12 of this letter for more information on the importance of your vote.

The Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as each of the Directors intends to do in respect of their own beneficial holding of Ordinary Shares.

2. BACKGROUND TO AND REASONS FOR THE FIRM PLACING AND PLACING AND OPEN OFFER AND USE OF PROCEEDS

2.1 *Introduction*

De La Rue is a leading global supplier to governments, central banks and commercial organisations of products and services that underpin the integrity of trade, personal identity and the movement of goods. The Group currently protects goods worth approximately US\$60 billion each year.

Founded in 1821, De La Rue has a long-established brand and reputation for integrity, innovation and manufacturing and service excellence. Approximately 70 per cent. of the world's countries partner with De La Rue, with some relationships stretching back more than 150 years. In recent years, the Group has undertaken a significant strategic transformation, including a series of disposals and acquisitions, in response to changes within its markets.

De La Rue today has two focussed business divisions:

- Currency (representing 67 per cent. of the Group's FY 19/20 revenue on an IFRS basis and 80 per cent. of its adjusted core revenue), operating in the following key market areas:
 - paper and polymer banknote printing;
 - production of polymer substrate; and
 - the provision of security features for both paper and polymer banknotes.
- Authentication (representing 15 per cent. of the Group's FY 19/20 revenue on an IFRS basis and 20 per cent. of its adjusted core revenue), operating in the following key market areas:
 - *Government revenue solutions*: the supply of products and services to governments which authenticate goods as genuine and to assure tax revenues;
 - *Brand protection*: the supply of products and services to support businesses in protecting their revenue streams, product supply chain and brand; and
 - *ID security components*: the provision of security components for the identity industry.

De La Rue's UK passport production contract with the UK Government is due to terminate at the end of September 2020. This contract, together with the Group's Identity Solutions Business (the sale of which was completed in October 2019) represented 18 per cent. of the Group's FY 19/20 revenue on an IFRS basis.

2.2 *De La Rue's markets*

De La Rue is focussed on product and service offerings where the Group has a technology and service advantage, where it enjoys an established leadership position in markets which are growing strongly and where long term contracts provide significant revenue visibility.

In Currency:

- cash remains the most used form of payment worldwide and, despite the growth in electronic payment as a proportion of the payment ecosystem, cash was still used in approximately 85 per cent. of global transactions in 2016. Total cash in circulation globally has grown by between 3 and 4 per cent. per annum since 2014, even in advanced economies;
- approximately 172 billion banknotes are estimated to be issued annually, of which only approximately 13 per cent. are currently outsourced to commercial printers, potentially providing significant opportunity for further outsourcing;
- De La Rue is the largest of only four independent banknote manufacturers, with approximately 30 per cent. share of the outsourced market;

- in De La Rue's core markets, cash remains the dominant payment method, with the volume of transactions made by cash standing at approximately 99 per cent. in Africa, approximately 98 per cent. in emerging Asia Pacific countries, and approximately 91 per cent. in Latin America;
- polymer substrate, of which De La Rue is one of only two global suppliers, is being rapidly adopted in the banknote market as part of a long term structural shift from paper banknotes to polymer banknotes. As at the Latest Practicable Date, approximately 3 per cent. of the world's banknotes by volume and 12 per cent. by denomination, have moved from paper to polymer (including the £5, £10 and £20 banknotes for the Bank of England), with 25 issuing authorities using De La Rue's Safeguard® product in 2020 compared with only 2 in 2013; and
- the ever-more sophisticated counterfeiting threat demands an increasing use of high-tech, high-margin security features on banknotes, for which De La Rue is a market leader by volume in respect of paper banknotes.

In Authentication:

- the total value of counterfeit and pirated goods in 2019 was estimated to be US\$2.2 trillion, with the consequences of illicit trade being far-reaching and damaging for society;
- to combat illicit trade, the demand for reliable and consistent authentication of products to guarantee source to consumption, for which De La Rue is a market leader, is growing rapidly;
- according to the Company's data, the market for government revenue solutions is worth approximately £350 million and is forecast to have a compound annual growth rate of 18 per cent. between 2020 and 2024, driven by increased regulation worldwide to protect tax revenues;
- De La Rue is the second largest provider of government revenue (tax) protection solutions globally, with a focus on Africa and the Middle East. Tax stamp schemes deliver repeatable and stable monthly incomes for the Group and generally only require capital investment by the Group once the relevant contract has been signed. The Company is fully accredited and operates to ISO 14298, ISO 27001 and ISO 9001;
- the tobacco trade is a source of particular growth in the government revenue solutions market as more countries adopt tobacco tax stamp schemes to comply with the World Health Organisation's Framework Convention on Tobacco Control ("**FCTC**"). Each government which has ratified the FCTC is required to implement a track-and-trace system for tobacco products by 2023. Out of the 59 governments which had ratified the FCTC as at the Latest Practicable Date, 40 are yet to implement the required track-and -trace system;
- the product authentication market was worth £563 million in 2017 and is forecast by Smithers Pira to have a compound annual growth rate of 5.2 per cent. between 2017 and 2022. Included within this is the brand holography market, which is targeted at brand owners and focuses on anti-counterfeit verification for labels or packaging. This market is worth approximately US\$380 million of which between US\$200 million and US\$230 million represents an addressable market for De La Rue. The Company has market-leading imaging capability developed from its Currency division operations and is one of only two suppliers for Lippmann holography in the brand holography market; and
- De La Rue has a significant opportunity to build out middle-market volume customers by leveraging its established position in anti-counterfeit solutions for brand owners, including its role as an integral partner to Microsoft (to which it has supplied anti-piracy solutions for more than 20 years).

2.3 The Turnaround Plan

In recent years, De La Rue has changed significantly both operationally and financially. The Group has rationalised its business portfolio with the aim of reducing its capital intensity and

financial volatility overall, including through the sale, in 2019, of its Identity Solutions Business and, in 2018, 90 per cent. of its shareholding in Portals De La Rue (with which it now has a long-term paper supply contract).

Over the same period, the Company has seen certain sizeable contracts conclude or not be renewed, including a banknote contract with Venezuela (the loss of which was exacerbated by the impact of the non-payment of a significant related invoice) and the UK passport production contract, which individually and collectively have had a significant impact on the financial performance of the Group.

In addition, since the start of FY 19/20, De La Rue has seen significant changes in the market for currency, including pricing pressure as a result of reduced overspill demand (chiefly as a result of Venezuela's withdrawal from the banknote market), which had a material impact on volumes and profitability in the first half of FY 19/20 in particular, and it is expected to take time for currency market conditions to normalise. As a result of the combined impact of these strategic actions, material contract losses and changes in the currency market, De La Rue has been operating with a cost base inappropriate for the resized business.

Notwithstanding the above, the Directors also believe that in recent years sufficient focus was not given to: (i) value-enhancing opportunities outside its core banknote production business; and (ii) operational execution, with the Group's business becoming functionally siloed, without sufficient cohesion across its divisions. The Directors also consider that, prior to the implementation of the Turnaround Plan, the Group's allocation of its available capital was ineffective, partly as a result of the Company not rationalising its manufacturing sites and processes.

A combination of the above factors has resulted in De La Rue's underperformance in recent years, with the profitability, cash flow and balance sheet strength of the Group impacted materially.

In response, there has been a significant number of senior management changes during FY 19/20, including the appointment of a new Chairman, Chief Executive, interim Finance Director and divisional Managing Directors.

This new management team, which collectively has significant turnaround and relevant commercial experience, has undertaken a forensic, data-driven review of the Group in order to assess the appropriate strategy to transform the operational and financial performance of the business, with a target of returning the Company to a strong, financial position and an operating platform which will deliver higher quality earnings and scope to grow further, sustainable growth at mid-teens operating margins and strong cash generation in the medium term.

This turnaround plan (the "**Turnaround Plan**"), which is underpinned by actions already taken and contracts already won, covers the three-year period from FY 20/21 to FY 22/23 inclusive.

(A) *Cost reduction*

The Company is enacting an accelerated cost reduction programme, scheduled to be substantively complete by August 2020. The Company's cost structure will be re-based to enable it to compete more effectively across all of its market segments, allowing it to tender for currency orders it would previously have declined, and to improve margins on existing work.

Actions expected to deliver £35.9 million of cost savings on an annualised basis are expected to have been implemented by the third quarter of FY 20/21, with actions expected to deliver £24.8 million of annualised savings having already been implemented as at the Latest Practicable Date. The breakdown of such targeted annualised savings is as follows:

- Actions expected to deliver £10 million of savings (on an annualised basis) were implemented in FY 19/20. These savings will result from reduced overhead costs as a consequence of the re-organisation of the Group's business from three divisions to two. £4.6 million of these savings are reflected in the 2020 Financial

Statements while the full £10 million annual savings are expected to be reflected in the Group's financial statements for FY 20/21 and subsequent financial years;

- Actions expected to deliver £14.8 million of savings (on an annualised basis) have already been implemented in FY 20/21 (as at the Latest Practicable Date). £13 million of these savings are expected to be reflected in the Group's financial statements for FY 20/21 while the full £14.8 million annual savings are expected to be reflected in the Group's financial statements for FY 21/22 and subsequent financial years:
 - **Alignment of terms and conditions and implementation of Alternative Line Model:** the amendment of terms and conditions to address legacy employment issues (by, among other things, consolidating employment contracts and altering shift patterns) and the introduction of an Alternative Line Model operating model at Debden, which will enable the manufacturing site to become more cost effective in line with reduced Bank of England volumes (expected total annual saving of £4.1 million);
 - **Divisional third party provider cost reductions and reduced travel and marketing spend:** the review and removal of unnecessary or ineffective third party partners (TPPs) and a sustained reduction in travel and marketing spend (expected total annual saving of £4 million);
 - **Change to employer pension contribution:** a reduction to the employer pension contribution for UK employees, which was implemented on 1 May 2020 following consultation with the Group's UK workforce (expected total annual saving of £1 million);
 - **Restructuring of enabling functions:** the reduction of support functions in alignment with the resized De La Rue business (expected total annual saving of £4.4 million); and
 - **Cessation of banknote printing at Gateshead:** initial volume and labour cost savings as a result of the proposed closure of the Group's Gateshead manufacturing site for future banknote printing (scheduled to be implemented by the start of Q3 FY 20/21 (subject to completion of a collective consultation process announced by the Group today) and expected to deliver total annual savings of £1.3 million). After the completion of this action, and following a period of transition and the relocation of equipment to other sites, it is expected that the Group will have at least the same printing capacity as it does today (if not more), while operating four currency print factories instead of five.
- Actions expected to deliver a further £11.1 million of savings (on an annualised basis) are scheduled to be implemented over the next few months as set out below. £8.6 million of these savings are expected to be reflected in the Group's financial statements for FY 20/21 while the full £11.1 million annual savings are expected to be reflected in the Group's financial statements for FY 21/22 and subsequent financial years:
 - **Cessation of banknote printing at Gateshead:** significant further volume and labour cost savings as a result of the proposed closure of the Group's Gateshead manufacturing site for future banknote printing (scheduled to be implemented by the start of Q3 FY 20/21 (subject to completion of a collective consultation process announced by the Group today) and expected to deliver further annual savings of £6 million). As stated above, this action will not result in a reduction of De La Rue's worldwide printing capacity and the Group will continue to print banknotes in the UK as well as its international sites;
 - **Further restructuring of enabling functions:** the achievement of further savings as a result of the reduction of support functions in alignment with the resized De La Rue business (scheduled to be implemented by the end of

Q1 FY 20/21 and expected to deliver further annual savings of £2.9 million); and

- **Manufacturing site structural review:** efficiency gains and de-layering of management levels at manufacturing sites with the focus on a series of cost reduction exercises at the Group's Malta and Westhoughton manufacturing sites (scheduled to be implemented by the end of Q2 FY 20/21 and expected to deliver total annual savings of £2.2 million).

These cost reduction actions will more than mitigate the financial impact of the loss of the Group's UK passport production contract which is due to terminate at the end of September 2020.

The restructuring cash costs for this element of the plan will be approximately £16 million in FY 20/21.

Management is fully focussed on identifying and enacting further cost reduction opportunities wherever possible, whilst being conscious of the importance of continuing to deliver a market-leading manufacturing capability and service offering to its clients.

(B) *Currency market leadership*

The Turnaround Plan is targeting improved and sustainable profitability in the Currency division, with the following being the key focus areas:

- **Improve profitability of banknotes:** the cost reduction and re-purposing actions summarised above will ease pressure and ensure that the Group's business has the operational flexibility and capacity to take advantage of large, highly profitable "overspill" orders that come to market when countries experience high inflation or state print works are unable to satisfy increased domestic demand. The Group expects to have an annual stretch capacity of 7 billion banknotes once the Turnaround Plan is complete at the end of FY 22/23 as compared to its current annual stretch capacity of 6.2 billion banknotes, to better position it to service this overspill demand.

The introduction of a more flexible manufacturing model at significantly lower cost is expected to result in the banknote business remaining profitable even in down cycles. The optimisation of the Group's Debden manufacturing site is expected to be completed by the end of FY 21/22 and, as a result of the changes implemented by the Turnaround Plan, by the end of FY 22/23 UK banknote profitability is expected to increase by approximately £10 per 1000 banknotes with the targeted labour cost reduction increasing profitability by approximately £1.75 per 1000 banknotes.

- **Protect and grow paper thread position:** De La Rue's strategy aims to ensure that its existing paper thread portfolio can be produced at scale for external sales and that its existing differentiating capability (e.g. classical holography) can continue. The Group also plans to compete in the premium thread market by scaling the newest banknote security features beyond its current capacity limitation of 500 million banknotes per annum. To achieve these goals, De La Rue will use a bespoke sales force, which will represent a new approach to this market for the Group. De La Rue expects the relevant investment in its paper thread portfolio envisaged by the Turnaround Plan to be completed by the end of FY 21/22.
- **Convert the world to polymer and be the market leader:** De La Rue has established a leading position in polymer banknotes, and as one of only two global suppliers is leading the rapidly growing adoption of polymer over paper. Since 2013, 83 per cent. of all issuing authorities have selected De La Rue's Safeguard® solution for their new polymer banknotes. The new Bank of England £20 note, released this year, represents the 42nd banknote worldwide that De La Rue has secured on its Safeguard® polymer substrate. De La Rue will also be designing and printing the Bank of England's new £50 banknote for release in 2021.

A cornerstone of the Group's strategy will be investing in, and supporting customers with, the significant trend of the transition from paper to polymer banknotes, which the Company believes is likely to be accelerated by the current COVID-19 pandemic and the resulting worldwide demand for cleaner banknotes. Given that 85 per cent. of banknotes are still paper-based, there is a significant addressable market of approximately 150 billion banknotes for De La Rue to target.

De La Rue expects to increase its polymer output by the end of FY 20/21 and is aiming to double its current polymer capacity by the end of FY 21/22 (with the installation of a second Cerutti printing press targeted to be completed during FY 21/22). As a result of the implementation of the Turnaround Plan: (i) the Group's capacity to produce polymer banknotes is projected to increase from 97,000 reams in FY 19/20 to 226,000 in FY 24/25; and (ii) the volume of polymer banknotes sold by the Group (including direct polymer substrate sales as well as polymer substrate that is subsequently printed and sold as part of the Group's finished banknote print portfolio) is projected to increase from 70,000 reams in FY 19/20 to 219,000 in FY 24/25.

- **Invest R&D in polymer security features and leapfrog the competition:** the Group's strategy will focus on the development of the most advanced security features in the market for polymer banknotes. 69 per cent. of polymer banknotes currently have no security features and accordingly there is a significant opportunity for De La Rue to upsell security features as the worldwide demand for polymer banknotes increases. As part of its strategy, De La Rue expects to launch its first foil feature on polymer substrate by the end of FY 21/22 and is targeting the roll-out of at least two other new polymer security features by the end of the Turnaround Plan. The Group also plans to use focussed sales and technical teams and a standardised pricing models to professionalise and standardise its business operations in this market.

With established products and recent innovations, De La Rue has also built a portfolio of industry-leading paper security features that are the choice of a growing range of customers and will continue to be a focus for the business. In the currency printing market, De La Rue is already in the process of increasing its competitiveness and is among the world's most experienced printers of both paper and polymer banknotes. The Turnaround Plan targets a mid-teen adjusted operating profit margin for the Currency division from FY 20/21.

(C) *Continued strong growth in Authentication*

Following the significant growth delivered in FY 19/20, De La Rue is targeting continued strong year-on-year growth of its Authentication division during the three-year period of the Turnaround Plan as follows:

- **Government revenue solutions:** De La Rue plans to leverage the growth of the tobacco tax stamp market (following the adoption by an increasing number of countries of tobacco tax stamps to comply with the FCTC) to increase its sales and marketing presence in developing markets like Latin America and Asia and improve its suite of products. The Group is in discussions with a number of governments regarding the roll-out of tobacco and drinks tax stamp schemes and is targeting agreements with several new countries each year. Each project win may trigger incremental investment requirements but these planned investments are not needed in advance of contract signature. As at the Latest Practicable Date, the Group has forecasted £11.6 million of new win revenue in this market for FY 20/21 (£9.5 million of which has been secured as of the Latest Practicable Date). This follows a very successful FY 19/20, during which the Group's revenue from government revenue solutions grew by more than 500% compared to FY 18/19.
- **Brand:** De La Rue aims to: (i) build out middle-market volume customers, using new security labels and its existing holographic capability for novel features to entrench its presence in the market (with the launch of new functionality and features for the

Group's Traceology™ technology expected by the end of FY 20/21); (ii) revitalise the Company's longstanding relationship with Microsoft through innovation and service and growing into new product areas (e.g. new securitised labels and technologies); and (iii) expand the geographical reach of the Group's anti-counterfeit Izon® technology, re-shaping the sales team and refreshing Izon® designs to improve market share in Europe and Asia. As at the Latest Practicable Date, the Group expects to record £2 million of new account revenue in respect of its security label products in FY 20/21 and revenue growth of £0.6 million in the same period in respect of its Izon® technology.

- **Identification and Other:** De La Rue's strategy is focussed on: (i) capitalising on its work on the next generation Australian passport by securing its Australian polycarbonate customer base, building on its award of the Note Printing Australia (NPA) polycarbonate datapage contract (which the Group entered into on 31 March 2020 and in respect of which the Group has secured revenue of £6 million for FY 21/22); and (ii) using its position as the only major high-security printer in sub-Saharan Africa to increase its presence in Africa within the cheques and cards market. As at the Latest Practicable Date, the Group has budgeted for £0.4 million of revenue growth in this market in FY 20/21.

Under the Turnaround Plan, De La Rue is targeting Authentication division revenues of £100 million by FY 21/22, with strong operating margins.

Overall, the Turnaround Plan is expected to address De La Rue's historic financial volatility and underperformance, creating a business with structural revenue growth, a realigned operating cost base to underpin strong and sustainable profitability and cash flow and position the Company to take advantage of attractive growth opportunities within its end markets.

Once implemented, the Turnaround Plan is expected to deliver savings of: (i) £36 million per annum in respect of operating costs; and (ii) £9 million per annum in respect of pension payments (including both the UK Pension Scheme and the Group's defined contribution pension scheme).

2.4 **Reasons for the Capital Raising**

The Directors believe that the Capital Raising is required to provide the Company and its management with operational and financial flexibility to implement the Turnaround Plan. In particular, given the investment needed to achieve the full benefits of the Turnaround Plan, the upcoming refinancing requirement of its existing debt facilities, the loss of the Group's UK passport production contract at the end of September 2020, and the current unprecedented uncertainty in the financial and commercial markets, the Directors believe that the Capital Raising is necessary in order to enable the transformation of the Group's operational and financial performance.

The Directors have determined that the Capital Raising is in the best interests of the Group having considered appropriate alternative options.

The Company has agreed with its lending banks to extend its existing financing facilities to December 2023, conditional on the completion of the Capital Raising. See section 13.4 of Part VIII (*Additional Information*) for further detail on the terms of these financing facilities.

2.5 **Use of proceeds**

The Group intends to use the net proceeds from the Capital Raising to invest in the Turnaround Plan (as further described above). As at the Latest Practicable Date, the Directors expect to use the net proceeds to:

- provide the investment required to grow the Authentication division, especially in respect of the provision of tobacco tax stamps compliant with the FCTC (expected investment of approximately £35 million);

- cover the restructuring cash costs of the Group's accelerated cost reduction programme (expected investment of approximately £16 million);
- invest in new equipment to double the Currency division's capacity for polymer production (expected investment of approximately £15 million);
- finance footprint-related capital expenditure in respect of the Group's overseas manufacturing sites (expected investment of approximately £9 million); and
- invest in the expansion of the Group's security features business (in respect of both the Currency and Authentication divisions) (expected investment of approximately £5 million).

The balance of approximately £12 million is expected to be used for general working capital purposes and/or to strengthen the Company's balance sheet.

2.6 **Financial performance**

The Directors expect the underlying profitability of De La Rue to grow broadly consistently over the Turnaround Plan period, taking into account the financial impact of the planned exit of its Identity Solutions Business.

The financial benefits of the initial phases of the cost reduction plan have already positively impacted performance in FY 19/20, and budgeted improvements in performance for FY 20/21 are largely underpinned by already initiated cost-out actions and contract wins in both the Currency and Authentication divisions.

The Directors expect growth beyond the current financial year to be driven principally by new contract wins in polymer (Currency) and government revenue solutions (Authentication), with a significant pipeline of identified future opportunities.

Management's forecasts for the future financial performance of the Group do not include an assumption of any new large volume, high margin paper currency contracts coming to market, which represent a significant potential upside, and which historically have been a regular feature of the broader currency market.

Taking into account the proceeds of the Capital Raising, by the end of the Turnaround Plan in FY 22/23, the Directors are targeting:

- average annual revenue growth for the Group of approximately 9 per cent. (based on continuing operations);
- De La Rue to achieve mid-teens, and growing, operating margins at the Group level;
- the Currency division's traditional banknote printing business to represent broadly half the Group by revenue and a third by operating profit;
- the higher growth, higher margin polymer and security features businesses within the Currency division and the entire Authentication division to represent, in aggregate, broadly half the Group by revenue and two-thirds by operating profit;
- following an initial period of cash outflow to fund the Turnaround Plan, the Group to be generating positive free cash flow and capable of supporting sustainable cash dividends to Shareholders; and
- the Company to have a net debt/EBITDA ratio (excluding deficits on retirement benefit schemes) of below 1 times and decreasing as free cash flow increases.

2.7 **Capital allocation policy**

The Directors' objective is to maximise long term shareholder returns through a disciplined deployment of the Group's capital and resources.

To support this, following completion of the Capital Raising, the Board intends to adopt the following capital allocation framework:

- **Organic investment:** De La Rue will invest in growth-focussed R&D and technology, manufacturing efficiency and cost optimisation programmes, and the requirements of new contracts as they are awarded, where such investment is demonstrably accretive to value.
- **Regular returns to shareholders:** the Directors recognise the importance of a regular, sustainable dividend to Shareholders. The Directors intend to review the reinstatement of a dividend on a regular basis, with an expectation that a dividend will be paid within the Turnaround Plan period once the Company is: (i) permitted to do so under the terms of its financing arrangements (as the Company is prevented from paying dividends to Shareholders within 18 months of the date on which the amendments to the Revolving Facility Agreement become effective); and (ii) generating sustainable positive free cash flow. Once the Turnaround Plan is successfully completed, De La Rue will target a dividend cover of 2 to 3 times underlying earnings, taking into account the sustainable free cash flow generated in the Relevant Period.
- **Acquisitions in line with strategy:** the Directors are focussed on the successful execution of the organic Turnaround Plan and therefore acquisitions are not a near term priority for De La Rue. In the medium term, the Group will explore value enhancing acquisition opportunities which increase De La Rue's technology advantage and its ability to accelerate growth in markets where the Group already has a leading position.
- **Balance sheet strength:** De La Rue is committed to maintaining a strong and efficient balance sheet, appropriate for the Group's investment requirements. Accordingly, the Directors will target a long-term gearing policy of below 1 times net debt/EBITDA (excluding deficits on retirement benefit schemes), which (as set out in section 2.6 above) it expects to achieve by the end of the Turnaround Plan period, taking into account the net proceeds of the Capital Raising.

3. UPDATE ON COVID-19

The Company has assessed, and continues to assess, the potential for disruption caused by the COVID-19 pandemic and has put in place plans and measures in order to enable the business to maintain normal operations, to the extent possible, against the backdrop of an evolving situation.

Within the UK and across many of the other countries in which De La Rue operates, many of the Group's products and services are considered by customers, governments and other relevant stakeholders to be essential to the underpinning of trade integrity, personal identity and/or the movement of goods. Accordingly, despite the wider global impact of the COVID-19 pandemic:

- the Group's manufacturing sites have continued to operate with only moderate disruption;
- the Group's supply chain and distribution network have remained robust;
- the Group's order book remains strong; and
- the Group remains committed to implementing its Turnaround Plan.

The Group has nevertheless implemented actions to mitigate the impact of COVID-19 and whilst there remains considerable uncertainty in relation to the COVID-19 pandemic (including in relation to its duration, extent and ultimate impact), based on the facts as they stood as at the Latest Practicable Date, the Board believes that the Group's operations will continue to experience only limited disruption due to the impact of the COVID-19 pandemic and that such disruption will continue to diminish in the coming months.

Continued operation of manufacturing sites

Within the Group's Currency division, the Group's principal manufacturing facilities are located in the UK (Debden, Gateshead and Westhoughton), Malta, Kenya and Sri Lanka. Since the outbreak of the COVID-19 pandemic:

- The UK sites have each continued to operate with minimal disruption. The Group obtained express confirmation from the UK Government in March 2020 that it was able to continue operations at its UK sites without any restriction under the UK Government's guidelines and as

at the Latest Practicable Date there has been no change to this position. The Group has therefore been able to maintain each of the Group's UK sites as fully operational, while implementing necessary safe working practices.

- The Group's Malta site has continued to operate without disruption, in accordance with relevant local government rules and advice, with record production output achieved in the final month of FY 19/20.
- The Group's Kenya site has remained operational, albeit its workforce has been impacted by the curfew introduced by the Kenyan Government in response to the COVID-19 pandemic. While this has necessitated the introduction of a double-day shift (with night-time operations temporarily suspended), the site's production has experienced only minimal disruption.
- Operations at the Group's Sri Lanka site were suspended between 16 March and 10 May 2020, in response to a curfew imposed by the Sri Lankan Government. The Group has since sought, and obtained, permission for the Sri Lanka site to resume operations, meaning that, since 11 May 2020, the site has resumed operations at slightly lower capacity.

Within the Group's Authentication division, the Group's principal manufacturing facilities are located in the UK, Malta and the United States (Utah). Each of these sites has continued to operate without material disruption, in accordance with relevant local government rules and advice, since the outbreak of the COVID-19 pandemic.

The Group continues to monitor and adhere to governmental responses to COVID-19 in those countries in which it operates and has implemented preventative measures to safeguard the health and wellbeing of its workforce across its manufacturing sites. The Board remains confident that, based on the facts as they stood as at the Latest Practicable Date, the Group's operational capacity will remain materially unaffected notwithstanding the COVID-19 pandemic.

Robust supply chain and distribution network

The Group's supply chain across both its Currency and Authentication divisions has remained materially unaffected since the outbreak of the COVID-19 pandemic. Throughout the duration of the COVID-19 pandemic, the Currency division's supply chain has remained fully functional and the Authentication division's supply chain has suffered no material disruption, with it being able to pass on the majority of increased air freight costs to relevant customers. As at the Latest Practicable Date, neither division has been required to buy additional stock in response to the impact of the COVID-19 pandemic.

The Group's distribution network within its Currency division has remained largely unaffected by the COVID-19 pandemic. By way of illustration, as at the Latest Practicable Date, since the start of the COVID-19 pandemic only one of the division's shipments has experienced significant delay as a result of the introduction of COVID-19 related transport restrictions. The Group's distribution network within its Authentication division has also not been materially impacted by the outbreak of the COVID-19 pandemic.

Strong order book

Within the Group's Authentication division, production volumes in brand and government revenue solutions are stable despite the COVID-19 pandemic. Manufacturing facilities have been able to fulfil increased demand from some of the Group's material customers, where short-term peaks have required a response to COVID-19 impacts in their supply chains. The division has developed a brand protection solution to secure COVID-19 related materials (for example test kits) and to enable authentication of COVID-19 immunity status in the future.

The Group's Currency Division is witnessing strong global demand for currency as central banks seek to increase stock levels during and after the COVID-19 pandemic. This has resulted in a number of significant opportunities for the Group's Currency division which are being actively pursued and the Board believes that this strong demand for currency is likely to continue for the remainder of FY 20/21.

Across the Currency and Authentication divisions, there has been some evidence of the COVID-19 pandemic delaying customers' processes for approving new contracts and orders with the Group. However, set against the new opportunities that COVID-19 presents for the Group, the impact of these delays on the Group's order book has been minimal and the Group's order book continues to be strong.

As at the Latest Practicable Date, the Group has not experienced material defaults on payment obligations among its customer base.

Mitigating actions

De La Rue has taken a number of additional mitigating actions in response to the COVID-19 pandemic. In particular:

- The Group has implemented plans to hold stock across multiple sites throughout its global operations, in order that it can be better able to maintain normal operations in the event of COVID-19-related disruption impacting a particular country or region.
- The Group has devised and, where necessary, implemented plans to mitigate the impact of site closures through a combination of increasing production at alternative sites and/or utilising outsourced options. By way of illustration, despite the Group's Sri Lanka manufacturing site (which accounted for approximately 17 per cent. of the Group's annual banknote production in FY 19/20) being forced to close between 16 March and 10 May 2020, the Group was able to increase production at its other sites to partially mitigate the effect of the closure.
- The Group has made limited use of the UK Government's job retention scheme by furloughing fewer than 60 UK-based colleagues (out of a total UK-based workforce numbering approximately 1,200) within higher-risk health categories or who are unable to work from home. The Group considers this the right approach to help safeguard the well-being of the more vulnerable members of its workforce. As at the Latest Practicable Date, the Group has not made use of any other support scheme made available by the UK Government.

Turnaround Plan commitment

The Board remains committed to implementing the Turnaround Plan and believes that, whilst there remains uncertainty in relation to the impact of the COVID-19 pandemic, the Group's execution of the Turnaround Plan remains deliverable over the three-year period contemplated by the plan. In particular:

- **Cost reduction:** The Board remains committed to achieving the accelerated cost reduction programme described at section 2 above. The Board believes that achieving targeted savings on an annualised basis from the second half of FY 20/21 of £35.9 million is achievable and, as at the Latest Practicable Date, implementation of the Group's cost-reduction strategy continues on-schedule and on-budget with actions expected to deliver £24.8 million of annualised savings already implemented as at the Latest Practicable Date.
- **Currency market leadership:** The Board continues to implement its plan to achieve market leadership in the currency industry through a combination of: (i) improved, sustainable profitability in its paper and polymer currency print business; (ii) increased investment, and support to customers, in the transition from paper to polymer banknotes; and (iii) greater investment in the Group's security features offering. As recently as April 2020, the Board approved significant further investment in the Group's polymer equipment (subject only to completion of the Capital Raising), notwithstanding the escalation of the COVID-19 pandemic.
- **Continued strong growth in Authentication:** The Board continues to believe that the Group's aim to achieve strong year-on-year growth in its Authentication division during the three-year period of the Turnaround Plan is achievable, despite the impact of the COVID-19 pandemic. As noted above, the Authentication division is witnessing strong demand for its offering from both new and existing customers and in March 2020 entered into a significant new contract for the supply of its ID security features, with revenues which are incremental to those forecast in the Turnaround Plan forecast to be delivered from FY 21/22.

4. CURRENT TRADING AND OUTLOOK

4.1 FY 19/20 financial highlights

The Company has today also published its 2020 Financial Statements, which are incorporated by reference into this document pursuant to Part IX (*Information Incorporated by Reference*). The financial highlights of FY 19/20 are set out below:

- Adjusted revenue of £426.7 million (FY 18/19: £516.6 million) and IFRS revenue (which includes “pass-through” revenue on paper and the Identity Solutions Business’ non-novated contracts) of £466.8 million (FY 18/19: £564.8 million), reflecting a decline in volumes and average price for the Currency division and the sale of the Identity Solutions Business in October 2019, which more than offset the significant increase in revenue from the Authentication division.
- Gross profit of £105.9 million (FY 18/19: £162.4 million) due to lower currency volumes and price, the sale of the Identity Solutions Business and negative manufacturing variances, more than offsetting the growth in the Authentication division and the profits earned on the UK passport production contract.
- A decline in adjusted operating expenses of £20.1 million reflecting cost saving initiatives and the sale of the Identity Solutions Business;
- Adjusted operating profit from continuing operations of £23.7 million (FY 18/19: £60.1 million), resulting from a loss suffered by the Currency division driven by the decline in currency volumes and margin offset by increased profits in the Authentication division due to increased volumes and the benefit of profits from the UK passport production contract.
- IFRS operating profit of £42.8 million (FY 18/19: £31.5 million) was higher than adjusted operating profit due mainly to a gain on the sale of the Identity Solutions Business of £25.3 million, a credit of £8.7 million relating to the change in revaluation rates for certain UK Pension Scheme members, offset by £9.3 million of restructuring charges.
- Adjusted basic EPS for continuing operations was 12.1p per Ordinary Share (FY 18/19: 42.9p) and IFRS basic EPS from continuing operations was 33.1p per Ordinary Share (FY 18/19: 18.8p).
- Net debt of £102.8 million (FY 18/19: £107.5 million), down £4.7 million year-on-year, reflecting the proceeds from sale of the Identity Solutions Business, offset by a negative working capital adjustment, final dividend payment, pension funding contributions and capital expenditure.
- Net debt reduced by £67.9 million since H1 19/20, reflecting the sale of the Identity Solutions Business and an improved operating cash flow compared to prior year.
- The Group’s UK Pension Scheme moved to net surplus of £64.8 million (30 March 2019: £76.8 million deficit on an accounting basis under IAS 19 at 28 March 2020).

4.2 **FY 20/21**

De La Rue has had a strong start to the new financial year, with a series of significant contract wins for both its Authentication and Currency divisions.

In Authentication, it has signed a five-year agreement to supply polycarbonate data pages for the new Australian passport. This follows the development agreement signed with Note Printing Australia in 2017, under which De La Rue has developed several new security features to be produced at the Company’s factory in Malta. De La Rue will scale up manufacturing with a view for first deliveries in the fourth quarter of FY 20/21.

De La Rue’s brand protection expertise has been selected by an international customer to authenticate and protect its COVID-19 testing kits that are being shipped around the world, and it has developed existing physical and digital solutions to provide a COVID-19 immunity certification scheme.

To date in FY 20/21, De La Rue’s Authentication division has been awarded contracts with total lifetime value exceeding £100 million, which further underpins the Company’s expectation of Authentication division revenue of £100 million by FY 21/22, with strong operating margins.

In Currency, De La Rue is experiencing strong demand that has continued during the COVID-19 pandemic. The Company has been awarded contracts representing 80 per cent. of its available full-year Currency printing capacity, compared to 79 per cent. at the same point in FY 19/20. In addition, the Company continues to make progress in enhancing its portfolio of offerings and the realignment of its cost base to enable it to become more competitive. As a result, it continues to

expect the Currency division to reach a mid-teens adjusted operating margin in FY 20/21 (before allocation of overhead costs incurred at Group level).

In addition, De La Rue has continued to implement the relevant actions envisaged by the Turnaround Plan to date in FY 20/21. For further details on such actions, please see section 2.3 of this Part I (*Letter from the Chairman of the Company*). For more information the impact of COVID-19 on the Group's business, please see section 3 of this Part I (*Letter from the Chairman of the Company*).

5. PENSIONS

The Group's major retirement benefit scheme is the UK Pension Scheme, which is a defined benefit pension scheme based in the UK. The latest actuarial valuation of the UK Pensions Scheme as at 31 December 2019 revealed a funding shortfall (technical provisions minus the value of the assets) of £142.6 million. The Recovery Plan makes an allowance for post-valuation market conditions up to 30 April 2020 (at which point there is an estimated funding shortfall of £190 million). The cash funding schedule agreed with the Trustee as part of the Recovery Plan funds this deficit with payments of £15 million per annum (payable quarterly in arrears) under the Recovery Plan payable from 1 April 2020 until 31 March 2023 and then payments of £24.5 million per annum (payable quarterly in arrears) from 1 April 2023 until 31 March 2029 (whereas under the 2015 Recovery Plan the payments would have been £22.2 million between 1 April 2020 and 31 March 2021, £23.1 million between 1 April 2021 and 31 March 2022 and £23 million per annum thereafter).

Additional contingent contributions can be payable in certain exceptional circumstances (see more detail in Risk Factor 1.15). The Group has reached an agreement with the Trustee of the UK Pension Scheme as to the level of contributions up until March 2029. The funding of the Recovery Plan is to be sourced from cash generation of the future business activities, but the Trustee has contractually agreed not to request any portion of the Capital Raising proceeds. This agreement with the Trustee is conditional on an amount in full settlement of the Capital Raising in the gross amount of at least £100 million having been received by the Company by no later than 31 July 2020. If these criteria were not to be met then the Group's current obligations in respect of the UK Pension Scheme under the 2015 Recovery Plan would (subject to the outcome of the 2018 valuation) continue unaffected.

6. SUMMARY OF THE PRINCIPAL TERMS OF THE FIRM PLACING AND PLACING AND OPEN OFFER

The Company is proposing to raise gross proceeds of approximately £100 million (approximately £92 million after deduction of estimated commissions, fees and expenses) by way of:

- (i) a Firm Placing of 45,410,026 New Ordinary Shares; and
- (ii) a Placing and Open Offer of 45,499,065 New Ordinary Shares,

(together, the "**Capital Raising**") in each case at an Offer Price of 110 pence per New Ordinary Share. The New Ordinary Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares. The Capital Raising is fully underwritten by the Joint Bookrunners on the terms and subject to the conditions of the Placing Agreement, details of which are set out in section 13.1 of Part VIII (*Additional Information*).

A cash box structure will be used for the issue of the New Ordinary Shares pursuant to the Capital Raising.

The Board has considered the best way to structure the proposed equity capital raising in light of the Group's current financial position. The decision to structure the equity capital raising by way of a combination of a Firm Placing and a Placing and Open Offer takes into account a number of factors, including the total net proceeds to be raised. The Board believes that the Firm Placing will enable the Company to satisfy demand from potential new investors as well as current Shareholders wishing to increase their equity positions in the Company. The Board has sought to balance the dilution to existing Shareholders arising from the Firm Placing with the need to bring in substantial investors with guaranteed commitments to ensure the success of the Capital Raising. As a result, 50 per cent. of the New Ordinary Shares being issued will be available to existing Shareholders through the Open Offer.

on a pro rata basis. The Board is seeking the approval of Shareholders, by way of the Resolutions at the General Meeting, to the proposed Capital Raising.

Further details of the terms and conditions of the Capital Raising, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are set out in Part V (*Terms and Conditions of the Capital Raising*) and, where relevant, the Application Form. Overseas Shareholders should refer to section 1 of Part VI (*Overseas Shareholders*) for further information regarding their ability to participate in the Capital Raising.

6.1 Offer Price

The Firm Placing and the Placing and Open Offer will each be made at an Offer Price of 110 pence per New Ordinary Share. The Offer Price represents a discount of 28 per cent. to the Closing Price of 152.8 pence per Ordinary Share on 16 June 2020 (being the last Business Day prior to the announcement of the Capital Raising) and a premium of 14.6 per cent. to the 90 trading day volume weighted average price of 96 pence per Ordinary Share for the 90 trading days ending 16 June 2020 (being the last Business Day prior to the announcement of the Capital Raising). The Offer Price (and the discount) has been set by the Directors following their assessment of the prevailing market conditions and anticipated demand for the New Ordinary Shares. The Board, having taken appropriate advice from its advisors, believes that the Offer Price (including the discount) is appropriate in the circumstances.

6.2 Firm Placing

The Company proposes to issue 45,410,026 Firm Placing Shares to Firm Placees at the Offer Price, on a non-pre-emptive basis. The Firm Placing will not be subject to clawback to satisfy Open Offer Entitlements and Excess Open Offer Entitlements taken up by Qualifying Shareholders.

Pursuant to the Placing Agreement, the Joint Bookrunners have severally agreed to use reasonable endeavours to procure subscribers for the Firm Placing Shares at the Offer Price (to the extent not already procured prior to the date of the Placing Agreement). To the extent that: (i) the Joint Bookrunners fail to procure subscribers in the Firm Placing for the Firm Placing Shares (including in the event that a prospective Firm Placee fails to take up any or all of the Firm Placing Shares which have been allocated to it or which it has agreed to take up at the Offer Price); and/or (ii) any Firm Placees procured other than by the Joint Bookrunners fails to subscribe for any or all of the Firm Placing Shares allotted to it in the Firm Placing (including in the event that such prospective Firm Placee fails to take up any or all of the Firm Placing Shares which have been allocated to it or which it has agreed to take up at the Offer Price), then each of the Joint Bookrunners has agreed, on the terms and subject to the conditions set out in the Placing Agreement, severally (and not jointly or jointly and severally) to subscribe for such Firm Placing Shares at the Offer Price in its agreed proportion.

6.3 Placing and Open Offer

Under the Open Offer, Qualifying Shareholders are being given the opportunity to subscribe for New Ordinary Shares pro rata to their current holdings on the basis of 7 New Ordinary Shares for every 16 Existing Ordinary Shares held by them and registered in their name at the Record Time (and so in proportion to any other number of Existing Ordinary Shares then held) on the terms and subject to the conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders, the Application Form).

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their Open Offer Entitlements. Fractions of Open Offer Shares will not be allotted and each Qualifying Shareholder's Open Offer Entitlements will be rounded down to the nearest whole number. Any fractional entitlements to Open Offer Shares will be aggregated and made available under the Excess Application Facility. Accordingly, Qualifying Shareholders with fewer than 3 Existing Ordinary Shares will not be entitled to take up any Open Offer Shares but may be able to apply for Excess Open Offer Shares under the Excess Application Facility. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Open Offer Entitlements.

Pursuant to the Placing Agreement, the Joint Bookrunners have also severally agreed to use reasonable endeavours to procure Conditional Placees to subscribe for New Ordinary Shares not validly taken-up by Qualifying Shareholders under the Open Offer ("**Non-Taken Up Shares**") (to the extent not already procured prior to the date of the Placing Agreement). To the extent that: (i) the Joint Bookrunners fail to procure subscribers in the Placing for such Non-Taken Up Shares (and/or to the extent that any Placee so procured fails to subscribe for any or all of the Non-Taken Up Shares allocated to it in the Placing (including by defaulting in paying the Placing Price in respect of the Non-Taken Up Shares so allocated to it or which it has agreed to subscribe at the Placing Price); and/or (ii) any Placee procured other than by the Joint Bookrunners fails to subscribe for any or all of the Non-Taken Up Shares allocated to it in the Placing (including by defaulting in paying the Placing Price in respect of such Non-Taken Up Shares allocated to it), then each of the Joint Bookrunners has agreed, on the terms and subject to the conditions set out in the Placing Agreement, severally (and not jointly or jointly and severally) to subscribe for such Open Offer Shares at the Offer Price in its agreed proportion.

Excess Application Facility

Qualifying Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at the Offer Price through the Excess Application Facility. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. If applications under the Excess Application Facility are received for more than the number of Excess Open Offer Shares available following take up of Open Offer Entitlements, applications will be scaled back at the Company's absolute discretion. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, at their absolute discretion, and no assurance can be given that your application for Excess Open Offer Shares will be met in full or in part or at all.

Impact of not applying for New Ordinary Shares

Any New Ordinary Shares which are not applied for under the Open Offer will be allocated to Conditional Placees pursuant to the Placing. Pursuant to the Placing Agreement, the Joint Bookrunners have severally agreed to use reasonable endeavours to procure conditional subscribers (subject to clawback to satisfy Open Offer Entitlements and Excess Open Offer Entitlements taken up by Qualifying Shareholders) for the New Ordinary Shares at the Offer Price. If the Joint Bookrunners are unable to procure subscribers for any New Ordinary Shares that are not taken up by Qualifying Shareholders pursuant to the Open Offer (including in the event that a prospective Conditional Placee fails to take up any or all of the Firm Placing Shares which have been allocated to it or which it has agreed to take up at the Offer Price), then each of the Joint Bookrunners has agreed, on the terms and subject to the conditions set out in the Placing Agreement, severally (and not jointly or jointly and severally) to subscribe for such New Ordinary Shares at the Offer Price in its agreed proportion.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim. New Ordinary Shares for which application has not been made under the Open Offer (including the Excess Application Facility) will not be sold in the market for the benefit of those who do not apply under the Open Offer (including the Excess Application Facility) and Qualifying Shareholders who do not apply to take up their entitlements will have no rights, and will not receive any benefit, under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer (including the Excess Application Facility) will be allocated to Conditional Placees pursuant to the Placing.

6.4 Dilution

If a Qualifying Shareholder who is not a Placee does not take up any of their Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 46.6 per cent. as a result of the Capital Raising.

If a Qualifying Shareholder who is not a Placee takes up their Open Offer Entitlements in full (assuming he or she does not participate in the Excess Application Facility), such Qualifying Shareholder's holding, as a percentage of Enlarged Share Capital, will be diluted by 23.3 per cent. as a result of the Firm Placing.

Shareholders in the United States and the other Restricted Jurisdictions will not be able to participate in the Open Offer and will therefore experience dilution as a result of the Capital Raising (subject to any participation in the Firm Placing).

6.5 **Conditionality**

The Capital Raising is conditional upon:

- (i) the Resolutions having been passed by Shareholders at the General Meeting;
- (ii) the Placing Agreement having become unconditional in all respects, save for the condition relating to Admission, and not having been terminated in accordance with its terms before Admission occurs; and
- (iii) Admission having become effective by not later than 8:00 a.m. on 7 July 2020 (or such later time and/or date as the Company and the Joint Bookrunners may agree, not being later than 31 July 2020).

If any of the conditions are not satisfied or, if applicable, waived, then the Capital Raising will not take place.

7. **DIVIDEND POLICY**

In its 19/20 Half-Year Results for the period ended 29 September 2019, the Company announced the decision of the Company's board of directors to suspend future dividend payments in order to manage the Group's net debt levels as one of a number of measures being undertaken in order to manage the material uncertainty regarding the Group's ability to continue as a going concern which was identified in the Directors' report contained within those results. Furthermore, pursuant to the Revolving Facility Agreement Amendment (a summary of which is set out in section 13.4 of Part VIII (*Additional Information*) of this document), the Company is prevented from paying dividends to Shareholders within 18 months of the date on which the amendments to the Revolving Facility Agreement become effective (which is expected to be on or around Admission).

As noted in section 2.7 above, the Directors nevertheless recognise the importance of a regular, sustainable dividend to Shareholders. The Directors therefore intend to review regularly the reinstatement of a dividend, with an expectation that a dividend will be paid within the Turnaround Plan period once the Company is permitted to do so under the Revolving Facility Agreement (as amended by the Revolving Facility Agreement Amendment) and is generating sustainable positive free cash flow. Once the Turnaround Plan is successfully completed, De La Rue will target a dividend cover of 2 to 3 times underlying earnings, taking into account the sustainable free cash flow generated in the Relevant Period.

8. **DIRECTORS' INTENTIONS**

Each of the Directors has irrevocably undertaken to: (i) vote in favour of the Resolutions to be proposed at the General Meeting to approve the Capital Raising; and (ii) take up in full their Open Offer Entitlements to subscribe for New Ordinary Shares, comprising 111,238 Existing Ordinary Shares in aggregate, representing in aggregate 0.11 per cent. of the issued share capital of the Company as at the Latest Practicable Date.

In addition, Kevin Loosemore, Clive Vacher and Maria da Cunha have agreed to subscribe for a total of 1,068,180 New Ordinary Shares in the Firm Placing (for further details please see section 9.2 below).

9. SIGNIFICANT COMMITMENTS AND RELATED PARTY TRANSACTIONS

9.1 Commitments in respect of the Capital Raising

Crystal Amber

Subject to the passing of the Resolutions, Crystal Amber has committed to subscribe for 8,733,313 New Ordinary Shares at the Offer Price, pursuant to the Firm Placing, Crystal Amber has not conditionally committed to subscribe for any New Ordinary Shares pursuant to the Placing.

Following the Capital Raising, Crystal Amber will, assuming that it takes up its Open Offer Entitlements in full, hold 19.2 per cent. of the Enlarged Share Capital (being 37,339,563 Ordinary Shares, comprising 19,900,000 Existing Ordinary Shares and 17,439,563 New Ordinary Shares).

Brandes

Subject to the passing of the Resolutions, Brandes has:

- (i) committed to subscribe for 5,416,702 New Ordinary Shares at the Offer Price, pursuant to the Firm Placing; and
- (ii) conditionally committed to subscribe for 5,427,323 New Ordinary Shares at the Offer Price (subject to clawback to satisfy Open Offer Entitlements and Excess Open Offer Entitlements taken up by Qualifying Shareholders under the Open Offer) pursuant to the Placing.

Following the Capital Raising, Brandes will, assuming that it takes up its Open Offer Entitlements in full (and subject to the clawback referred to in (ii) above), hold 14.7 per cent. of the Enlarged Share Capital (being 28,554,531 Ordinary Shares, comprising 12,320,352 Existing Ordinary Shares and 16,234,179 New Ordinary Shares).

9.2 Related Party Transactions

Crystal Amber

Crystal Amber is a related party of the Company for the purposes of the Listing Rules as it is a substantial shareholder of De La Rue which is entitled to exercise, or control the exercise of, 19.14 per cent. of the votes able to be cast at general meetings of the Company.

The maximum aggregate value of the New Ordinary Shares to be issued to Crystal Amber pursuant to the Firm Placing is approximately £9.6 million. Accordingly, the issue of such New Ordinary Shares to Crystal Amber is a transaction of sufficient size to require Shareholder approval under the Listing Rules, which will be sought at the General Meeting. Any New Ordinary Shares issued to Crystal Amber as a result of it taking up its Open Offer Entitlements are exempt from the rules regarding related party transactions under chapter 11 of the Listing Rules.

Brandes

Brandes is a related party of the Company for the purposes of the Listing Rules as it is a substantial shareholder of De La Rue which is entitled to exercise, or control the exercise of, 11.84 per cent. of the votes able to be cast at general meetings of the Company.

The maximum aggregate value of the number of New Ordinary Shares which could be issued to Brandes pursuant to the Firm Placing and the Placing is approximately £11.9 million. Accordingly, the issue of such New Ordinary Shares to Brandes is a transaction of sufficient size to require Shareholder approval under the Listing Rules, which will be sought at the General Meeting. Any New Ordinary Shares issued to Brandes as a result of it taking up its Open Offer Entitlements are exempt from the rules regarding related party transactions under chapter 11 of the Listing Rules.

Directors

Each Director is a related party of the Company for the purposes of the Listing Rules. Any New Ordinary Share issued to the Directors as a result of them taking up their Open Offer Entitlements

are exempt from the rules regarding related party transactions under chapter 11 of the Listing Rules.

However, subscriptions by the Directors for Firm Placing Shares fall within the scope of such rules and, due to its size, the subscription by Kevin Loosemore for 909,090 Firm Placing Shares at the Offer Price for the total amount of £999,999 constitutes a smaller related party transaction for the purposes of paragraph 11.1.10 of the Listing Rules.

Each of the subscription by Clive Vacher for 136,363 Firm Placing Shares at the Offer Price for the total amount of £149,999 and the subscription by Maria da Cunha for 22,727 Firm Placing Shares at the Offer Price for the total amount of £25,000 is exempt from the rules regarding related party transactions under chapter 11 of the Listing Rules on account of their respective size.

10. GENERAL MEETING

In light of the prevailing guidance from the UK Government in relation to the COVID-19 outbreak and specifically the restrictions on unnecessary travel and large gatherings, the General Meeting will be convened with the minimum quorum of Shareholders (which will be facilitated by De La Rue's management) in order to conduct the business of the meeting. Therefore, instead of attending the General Meeting, we urge Shareholders to vote by proxy on the Resolutions as early as possible. The Board strongly recommends that Shareholders appoint the Chairman of the General Meeting as their proxy. In the interests of safety, any proxy who is not the Chairman of the General Meeting or any Shareholder attending the General Meeting in person will be denied access to the General Meeting.

De La Rue will continue to closely monitor the developing impact of COVID-19, including the latest UK Government guidance. Should it become appropriate to revise the current arrangements for the General Meeting, any such changes will be notified to Shareholders through our website at www.delarue.com and, where appropriate, by announcement made by the Company to a Regulatory Information Service.

The Proxy Form will be enclosed with this document. To be valid, your Proxy Form should be completed, signed and returned in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by the Registrar by not later than 10:30 a.m. on 4 July 2020.

Alternatively, the Proxy Form may be submitted electronically at www.investorcentre.co.uk/eproxy. Further details of the procedure are set out in the Notice of General Meeting at the end of this document. CREST members may also choose to use the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice of General Meeting at the end of this Circular.

Resolutions

The purpose of the General Meeting is to consider and, if thought fit, to pass the Resolutions.

In summary, the Resolutions (which comprise three ordinary resolutions) seek the approval of Shareholders:

- (i) Resolution 1: to issue up to 8,733,313 New Ordinary Shares to Crystal Amber pursuant to the Firm Placing, in light of Crystal Amber's existing holding of 19,900,000 Ordinary Shares at the Latest Practicable Date;
- (ii) Resolution 2: to issue up to 10,844,025 New Ordinary Shares to Brandes pursuant to the Firm Placing and the Placing, in light of Brandes' existing holding of 12,320,352 Ordinary Shares at the Latest Practicable Date; and
- (iii) Resolution 3:
 - a. to the terms of the Firm Placing and the Placing and Open Offer as set out in this document, and to direct the Company's board of directors to exercise all powers to cause the Company to implement the Firm Placing and the Placing and Open Offer; and
 - b. to grant the Company's board of directors authority to allot the New Ordinary Shares.

Please note that this is not the full text of the Resolutions and you should read this section 10 in conjunction with the Notice of General Meeting included at the Appendix to this document.

As at the date of this document, the Company holds no Ordinary Shares in treasury.

11. FURTHER INFORMATION

Your attention is drawn to the Risk Factors set out on pages 13 to 27 of this document, and to the information set out in “Important Information” and Part VIII (*Additional Information*).

You should not subscribe for any New Ordinary Shares except on the basis of information contained or incorporated by reference into this document.

12. WORKING CAPITAL AND IMPORTANCE OF YOUR VOTE

12.1 *Working capital statement*

In the opinion of the Company, taking into account its available debt facilities and the net proceeds of the Capital Raising, the working capital available to the Group is sufficient for its present requirements (that is, for at least 12 months following the date of this document).

(A) *Impact of COVID-19*

In preparing the working capital statement above, the Company is required to identify, define and consider a reasonable worst case scenario. That has involved making certain assumptions regarding the potential evolution of the COVID-19 pandemic and its potential impact on the Group in that reasonable worst case scenario.

The reasonable worst case projections prepared by the Company, which take into account its available debt facilities and the net proceeds of the Capital Raising show that there is no liquidity shortfall or covenant breach in the 12 month period following the date of this document. However, given the uncertainties as to the ultimate potential impact of COVID-19 on the Group and its business, the Company believes that it is appropriate to provide additional disclosure on the key COVID-19 assumptions included in the Group's reasonable worst case scenario in relation to the prospective impact of, and business disruption during, the COVID-19 pandemic in that reasonable worst case scenario.

(B) *COVID-19 – reasonable worst case assumptions*

The key COVID-19 reasonable worst case assumptions are as follows:

- In respect of the manufacturing sites which service the Group's Currency division:
 - production output at each of the UK sites, from the date of this document, is reduced to 75 per cent. of Company budget forecast levels for a period of two months;
 - production output at the Group's Malta site, from the date of this document, remains at the Company's budget forecast level; and
 - the Group's Sri Lanka and Kenya sites each, from the date of this document, record production output equal to 0 per cent. of Company budget forecast levels for a period of two months, 25 per cent. of Company budget forecast levels for a further period of one month, 50 per cent. of Company budget forecast levels for a further period of one month and 75 per cent. of Company budget forecast levels for a further period of one month.
- Within the Group's Authentication division:
 - entry into new contracts in the Government Revenue Solutions market is delayed by three months compared to the relevant original budgeted date, with corresponding impacts to Group revenue anticipated to accrue from those contracts of up to 2 per cent. of Company budget forecasts for Group revenue in FY 20/21 and the capital expenditure anticipated to be spent in service of those contracts of up to 4 per cent. of Company budget forecasts for Group capital expenditure in FY 20/21;

- the Group's Kenya site, from the date of this document, records production output equal to zero per cent. of Company budget forecast levels for a period of one month and 75 per cent. of Company budget forecast levels for a further period of one month.
- production output from the Group's UK site at Westhoughton, from the date of this document, is reduced to 75 per cent. of Company budget forecast levels for a period of one month; and
- Government Revenue Solutions production output from the Group's Malta site, from the date of this document, is reduced to 75 per cent. of Company budget forecast levels for a period of one month.

(C) *Basis of preparation of the working capital statement*

The working capital statement in this document has been prepared in accordance with the ESMA Recommendations, and the technical supplement to the FCA Statement of Policy published on 8 April 2020 relating to the COVID-19 pandemic.

12.2 **Importance of your vote**

The Revolving Facility Agreement Amendment

The Directors believe that the Capital Raising is required to provide the Company and its management with operational and financial flexibility to implement the Turnaround Plan.

Furthermore, if the Capital Raising does not proceed, the Directors' base case projections (and the Directors' reasonable worst case projections) show that executing the Turnaround Plan is expected, under the terms of the Group's existing and un-amended Revolving Facility Agreement, to result in the Group breaching the Consolidated Net Debt to EBITDA ratio covenant for the testing period ending on 30 September 2020 and subsequent testing periods, as the Consolidated Net Debt to EBITDA ratio on the relevant dates is forecasted in those projections to exceed the three times multiple threshold which would also constitute an event of default under the terms of the Revolving Facility Agreement. An event of default caused by a covenant breach would give the Lenders the right to immediately withdraw and cancel the Group's facility and demand repayment of any drawings on the facility.

Accordingly, in order to facilitate the Capital Raising and provide existing Shareholders and new investors with sufficient certainty around the continued availability, and terms, of the Group's financing to successfully implement the Turnaround Plan and support the future growth of the business, the Group entered into negotiations and agreed terms with the Lenders in order to secure (among other things): (i) an extension to the maturity date of the Group's existing Revolving Facility Agreement to 1 December 2023; (ii) a temporary relaxation of applicable financial covenants; and (iii) appropriately sized committed bonding facilities. Save for the Long Stop Provision (as defined below), all amendments to the Revolving Facility Agreement envisaged by the Revolving Facility Agreement Amendment are conditional, among other things, upon the Company receiving the proceeds of an equity capital raise in the gross amount of at least £100 million by no later than 31 July 2020 (the "**Long Stop Date**").

In exchange for agreeing to these key changes, the Lenders required that the Company agrees to the inclusion of a provision in the Revolving Facility Agreement Amendment which, if the Capital Raising does not proceed, requires the Company to agree an alternative financing plan with the Lenders, failing which an immediate event of default under the Revolving Facility Agreement is automatically triggered (as further described below) (the "**Long Stop Provision**"). The Long Stop Provision entered into effect upon the Company entering into the Revolving Facility Agreement Amendment. A full summary of the Revolving Facility Agreement Amendment is set out in section 13.4 of Part VIII (*Additional Information*) of this document.

In view of the importance of the Capital Raising to the Company and its Shareholders as a whole, the Directors have concluded that entry into the Revolving Facility Agreement Amendment, which the Directors consider a necessary pre-condition to the Capital Raising, is in the best interests of the Company and its Shareholders as a whole. Accordingly, immediately prior to the

announcement of the fully underwritten Capital Raising, the Company entered into the Revolving Facility Agreement Amendment.

Consequences of the Capital Raising not proceeding

If the Capital Raising does not proceed and the proceeds of an equity capital raise in the gross amount of at least £100 million are not received by the Company on or before the Long Stop Date then:

- (i) pursuant to the Long Stop Provision, the Company must agree an alternative financing plan with the Lenders (acting reasonably) as soon as reasonably practicable and, at the latest, within 45 days of the Long Stop Date (or such longer period as the Company and the Lenders may agree) (the “**Plan Deadline**”). During this period, the ability of the Group borrowers to borrow further funds (either as cash loans or new bonding arrangements) under the Revolving Facility Agreement would be restricted under the Revolving Facility Agreement Amendment; and
- (ii) in addition, the agreement between the Trustee and Company to reduce the current contributions to the UK Pension Scheme will not become effective. As a result, until a new schedule of contributions can be agreed or is ultimately imposed by the Pensions Regulator, the Company will be required to pay to the UK Pension Scheme £22.2 million between 1 April 2020 and 31 March 2021, £23.1 million between 1 April 2021 and 31 March 2022 and £23 million per annum thereafter until 31 March 2028 instead of £15 million per annum from 1 April 2020 until 31 March 2023 and payments of £24.5 million per annum thereafter until 31 March 2029. However, it is unlikely that the Group would be able to make any further payments to the UK Pension Scheme if, pursuant to the Long Stop Provision, an alternative financing plan were not to be agreed between the Company and the Lenders by the Plan Deadline. If an alternative financing plan were to be agreed, such plan would be likely to require the Trustee to accept a reduced schedule of contributions from the Company to the UK Pension Scheme.

There can be no certainty that an alternative financing plan would be agreed with the Group's Lenders by the Plan Deadline. Moreover, even if an alternative financing plan were to be agreed, there can be no certainty as to its terms, which could, among other things, require the Group to dispose of one or more of its businesses, implement a debt for equity swap and/or further restructure its debt on unfavourable terms.

If an alternative financing plan were not agreed by the Plan Deadline, this would constitute an immediate event of default under the Revolving Facility Agreement (as amended by the Revolving Facility Agreement Amendment) and, as a result, the Lenders would have the right to immediately withdraw and cancel the Group's facility and demand repayment of any drawings on the facility, which, as at the Latest Practicable Date, amounted to £153.5 million.

Under these circumstances, the Group is not expected to have sufficient cash resources to repay the amounts drawn and/or to continue trading and the Group could be forced into insolvent liquidation.

Accordingly, the Directors believe that the Capital Raising and the Resolutions are in the best interests of the Company and its Shareholders as a whole and consider it critical that Shareholders vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings.

13. RECOMMENDATION

The Board, which has been so advised by Rothschild & Co, believes that the terms of: (i) Crystal Amber's participation in the Firm Placing; and (ii) Brandes' participation in the Firm Placing and the Placing are fair and reasonable insofar as De La Rue's shareholders are concerned. In providing its advice to the Board, Rothschild & Co has taken into account the Directors' commercial assessment of the relevant related party transactions.

The Board believes that the Capital Raising and the Resolutions are in the best interests of the Company and its Shareholders as a whole and unanimously recommends that you vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'K. Loosemore', with a stylized, flowing script.

Kevin Loosemore
Chairman

PART II

SOME QUESTIONS AND ANSWERS ABOUT THE CAPITAL RAISING

The questions and answers set out in this Part II (*Some Questions and Answers about the Capital Raising*) are intended to be in general terms only and, as such, you should also read Part V (*Terms and Conditions of the Capital Raising*) of this document for full details of what action you should take. If you are in any doubt about the action to be taken, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser duly authorised under FSMA. The attention of Overseas Shareholders is drawn to Part VI (*Overseas Shareholders*) of this document.

This Part II (*Some Questions and Answers about the Capital Raising*) deals with general questions relating to the Capital Raising, as well as more specific questions relating to Ordinary Shares held by persons resident in the UK who hold their Ordinary Shares in certificated form only. If you hold your Ordinary Shares in uncertificated form (that is, through CREST), your attention is drawn to Part V (*Terms and Conditions of the Capital Raising*) of this document which contains full details of what action you should take. If you are a CREST sponsored member, you should consult your CREST sponsor.

If you do not know whether your Ordinary Shares are held in certificated or uncertificated form, please call Computershare on 0370 703 6375 (overseas callers should use +44 (0)370 703 6375). Lines are open 9:00 a.m. to 5:30 p.m. (BST), Monday to Friday, excluding English and Welsh public holidays. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that for legal reasons, the Shareholder Helpline cannot provide advice on the merits of the Capital Raising nor give financial, tax, investment or legal advice.

1. WHAT IS THE FIRM PLACING AND THE PLACING AND OPEN OFFER?

A firm placing and placing and open offer is a way for companies to raise money. They usually do this by giving their existing shareholders a right to subscribe for further shares at a fixed price in proportion to their existing shareholdings (an open offer) and providing for new investors to subscribe for new shares in the company (a firm placing and a placing). The fixed price is normally at a discount to the closing mid-market price of the existing ordinary shares prior to the announcement of the open offer.

2. WHAT IS THE COMPANY'S OPEN OFFER?

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to subscribe for an aggregate of 45,499,065 New Ordinary Shares at a price of 110 pence per Open Offer Share. If you held Ordinary Shares at the Record Time or have a bona fide market claim, and are not a Shareholder located in the United States or any other Restricted Jurisdiction (for further information, see Part VI (*Overseas Shareholders*) of this document), you will be entitled to subscribe for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 7 New Ordinary Shares for every 16 Existing Ordinary Shares held by Qualifying Shareholders at the Record Time. The Offer Price of 110 pence per New Ordinary Share represents a discount of 28 per cent. to the Closing Price of 152.8 pence per Ordinary Share on 16 June 2020 (being the last Business Day prior to the announcement of the Capital Raising) and a premium of 14.6 per cent. to the 90 trading day volume weighted average price of 96 pence per Ordinary Share for the 90 trading days ending 16 June 2020 (being the last Business Day prior to the announcement of the Capital Raising).

If your entitlement to Open Offer Shares is not a whole number, your fractional entitlement will be rounded down in calculating your entitlement to Open Offer Shares. Fractional entitlements to Open Offer Shares will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility.

Qualifying Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at the Offer Price through the Excess Application Facility. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full or in respect of the aggregated fractional entitlements to Open

Offer Shares. Applications made under the Excess Application Facility will be scaled back at the Company's discretion if applications are received from Qualifying Shareholders for more than the available number of Excess Open Offer Shares.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will be not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.

New Ordinary Shares for which application has not been made under the Open Offer (including the Excess Application Facility) will not be sold in the market for the benefit of those who do not apply under the Open Offer (including the Excess Application Facility) and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer (including the Excess Application Facility) will be allocated to Conditional Placees pursuant to the Placing, with the proceeds ultimately accruing for the benefit of the Company. Conditional Placees that have subscribed for Open Offer Shares pursuant to the Open Offer can elect to have all or part of the Placing Shares allocated to them pursuant to the Placing reduced by up to the number of Open Offer Shares which they have validly applied and paid for under the Open Offer.

However, Shareholders should note that the Open Offer is conditional upon: (i) the Resolutions being passed by Shareholders at the General Meeting; (ii) the Placing Agreement becoming unconditional in all respects save for the condition relating to Admission and not having been terminated in accordance with its terms before Admission occurs; and (iii) Admission becoming effective by not later than 8:00 a.m. on 7 July 2020 or such later time and/or date (being not later than 8:00 a.m. on 31 July 2020) as the Company and the Joint Bookrunners may agree.

3. WHEN WILL THE CAPITAL RAISING TAKE PLACE?

The Capital Raising is subject to Admission becoming effective by not later than 8:00 a.m. on 7 July 2020 or such later time and/or date (being not later than 8:00 a.m. on 31 July 2020) as the Company and the Joint Bookrunners may agree.

4. WHAT IS AN APPLICATION FORM?

It is a form sent to those Qualifying Shareholders who hold their Ordinary Shares in certificated form. It sets out your entitlement to subscribe for the Open Offer Shares and is a form which you should complete if you want to participate in the Open Offer.

5. WHAT IF I HAVE NOT RECEIVED AN APPLICATION FORM?

If you have not received an Application Form and you do not hold your Ordinary Shares in CREST, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying Shareholders, however, will not receive an Application Form but may still be able to participate in the Open Offer, including:

- (i) Qualifying CREST Shareholders; and
- (ii) Qualifying Non-CREST Shareholders who bought Ordinary Shares before 8:00 a.m. on 17 June 2020 but were not registered as the holders of those Ordinary Shares at 6:00 p.m. on 12 June 2020 (see question 6 below).

6. IF I BOUGHT ORDINARY SHARES BEFORE 8:00 A.M. ON 17 JUNE 2020 (THE "EX-ENTITLEMENTS TIME") WILL I BE ELIGIBLE TO PARTICIPATE IN THE OPEN OFFER?

If you bought Ordinary Shares before the Ex-Entitlements Time but you are not registered as the holder of those Ordinary Shares at 6:00 p.m. on 12 June 2020 (the "**Record Time**") you may still be eligible to participate in the Open Offer. If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your

entitlement. You will not be entitled to the Open Offer Shares in respect of any Ordinary Shares acquired on or after the Ex-Entitlements Time.

7. I HOLD MY ORDINARY SHARES IN UNCERTIFICATED FORM IN CREST. WHAT DO I NEED TO DO IN RELATION TO THE OPEN OFFER?

CREST members should follow the instructions set out in Part V (*Terms and Conditions of the Capital Raising*) of this document. Persons who hold Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Ordinary Shares of the number of New Ordinary Shares which they are entitled to take up under the Open Offer and should contact them if they do not receive this information.

8. I HOLD MY ORDINARY SHARES IN CERTIFICATED FORM. HOW DO I KNOW I AM ELIGIBLE TO PARTICIPATE IN THE OPEN OFFER?

If you receive an Application Form and are not a Shareholder with a registered address in a Restricted Jurisdiction, and are not physically located in the United States or any other Restricted Jurisdiction, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Ordinary Shares before the Ex-Entitlements Time.

9. I HOLD MY ORDINARY SHARES IN CERTIFICATED FORM. HOW DO I KNOW HOW MANY NEW ORDINARY SHARES I AM ENTITLED TO TAKE UP?

If you hold your Ordinary Shares in certificated form and do not have a registered address in the United States or any other Restricted Jurisdiction, you will be sent an Application Form that shows:

- in Box A, how many Ordinary Shares you held at the Record Time;
- in Box B, how many Open Offer Shares comprise your Open Offer Entitlements; and
- in Box C, how much you need to pay in Pounds Sterling if you want to take up your right to subscribe for all of your Open Offer Entitlements.

If you would like to apply for any or all of the Open Offer Shares comprised in your Open Offer Entitlements, you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms should be posted, along with a cheque or banker's draft drawn in the appropriate form, in the accompanying pre-paid envelope to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ so as to be received by no later than 11:00 a.m. on 3 July 2020, after which time Application Forms will not be valid.

10. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM AND AM ELIGIBLE TO RECEIVE AN APPLICATION FORM. WHAT ARE MY CHOICES IN RELATION TO THE OPEN OFFER?

10.1 *If you do not want to take up your Open Offer Entitlements or Excess Open Offer Entitlements*

If you do not want to take up your Open Offer Entitlements you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue provided the price at which they are sold exceeds the costs and expenses of effecting the sale. You cannot sell your Open Offer Entitlements to anyone else. If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11:00 a.m. on 3 July 2020, we have made arrangements under which we have agreed to issue the Open Offer Shares comprising your Open Offer Entitlements to the Conditional Placees, subject to the Excess Application Facility. Shareholders are, however, encouraged to vote at the General Meeting by completing and returning the Proxy Form enclosed with this document. You may also submit your Proxy Form electronically at www.investorcentre.co.uk/eproxy, using the Control Number, Shareholder Reference Number (SRN) and PIN printed on the Proxy Form.

If you do not take up any of your Open Offer Entitlements then (unless you are a Placee) following the issue of the New Ordinary Shares pursuant to the Capital Raising, your interest in the Company will be diluted by 46.6 per cent., as a percentage of Enlarged Share Capital.

10.2 *If you want to take up some but not all of the Open Offer Shares under your Open Offer Entitlements*

If you want to take up some but not all of the Open Offer Shares under your Open Offer Entitlements, you should write the number of Open Offer Shares you want to take up in Box D of your Application Form. For example, if you have Open Offer Entitlements for 500 Open Offer Shares but you only want to apply for 250 Open Offer Shares, then you should write '250' in Box D. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '250') by 110 pence giving you an amount of £275 in this example.

You should then return the completed Application Form, together with a cheque or banker's draft for that amount, in the accompanying pre-paid envelope by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH so as to be received by the Registrar no later than 11:00 a.m. on 3 July 2020, after which time Application Forms will not be valid.

All payments should be in Pounds Sterling and made by cheque or banker's draft made payable to 'CIS PLC Re: De La Rue plc Open Offer' and crossed 'A/C payee only'. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the UK, the Channel Islands or the Isle of Man and which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner and must be for the full amount payable on application. Post-dated cheques will not be accepted.

Cheques drawn on a non-UK bank will be rejected. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted the full name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The name of the account holder should be the same as that shown on the Application Form. Cheques or banker's drafts will be presented for payment upon receipt. Payments via CHAPS, BACS or electronic transfer will not be accepted. The Company reserves the right to instruct Computershare to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you on or around 20 July 2020.

10.3 *If you want to take up all of your Open Offer Entitlements*

If you want to take up all of the Open Offer Shares to which you are entitled (but do not want to apply for Excess Open Offer Shares), all you need to do is sign page 3 of the Application Form (ensuring that all joint holders sign (if applicable)).

Provided you have agreed to take up your Open Offer Entitlements in full, you can apply for additional Open Offer Shares under the Excess Application Facility. To apply, you should write the number of Open Offer Shares comprised in your Open Offer Entitlements (as indicated in Box B) in Box D and write the number of additional Open Offer Shares for which you would like to apply in Box E.

For example, if you have Open Offer Entitlements for 600 Open Offer Shares but you want to apply for 900 Open Offer Shares in total, then you should write “600” in Box D and “300” in Box E. You should then write the sum of the numbers in Boxes D and E in Box F. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, “900”) by 110 pence, which is the price in pounds sterling of each Open Offer Share giving you an amount of £990 in this example. You should write this total sum in Box G, rounding down to the nearest whole pence, and this should be the amount your cheque or banker’s draft is made out for.

You should then return the completed Application Form, together with your cheque or banker’s draft for the amount (as indicated in Box C of your Application Form), payable to ‘CIS PLC Re: De La Rue plc Open Offer’ and crossed ‘A/C payee only’, in the accompanying pre-paid envelope by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH so as to be received by the Registrar no later than 11:00 a.m. on 3 July 2020, after which time Application Forms will not be valid. If you post your Application Form by first class post, it is recommended that you allow at least four Business Days for delivery. All documents, cheques and banker’s drafts sent through the post will be sent at the risk of the sender. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you on or around 20 July 2020.

The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. An application for Excess Open Offer Shares will only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full or in respect of the aggregated fractional entitlements to Open Offer Shares. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, at their absolute discretion, and no assurance can be given that your application for Excess Open Offer Shares will be met in full or in part or at all.

11. I AM A QUALIFYING SHAREHOLDER, DO I HAVE TO APPLY FOR ALL THE OPEN OFFER SHARES I AM ENTITLED TO APPLY FOR?

No. You can take up any whole number of the Open Offer Shares allocated to you under your Open Offer Entitlements. Your maximum number of Open Offer Entitlements is shown on your Application Form in Box B. If you have agreed to take up your Open Offer Entitlements in full, you can apply for additional Open Offer Shares under the Excess Application Facility.

Any applications by a Qualifying Shareholder for a number of Open Offer Shares which is equal to or less than that person’s Open Offer Entitlements will be satisfied, subject to the Open Offer becoming unconditional. If you decide not to take up all of the New Ordinary Shares comprised in your Open Offer Entitlements, then your proportion of the ownership and voting interest in the Company will be reduced to a greater extent than if you had decided to take up your full entitlement. Please refer to answers 10.1, 10.2 and 10.3 for further information.

The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. An application for Excess Open Offer Shares will only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full or in respect of the aggregated fractional entitlements to Open Offer Shares. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, at their absolute discretion, and no assurance can be given that your application for Excess Open Offer Shares will be met in full or in part or at all.

12. WILL I BE TAXED IF I TAKE UP MY ENTITLEMENTS?

If you are resident in the UK for UK tax purposes, you will not have to pay UK tax when you take up your right to receive New Ordinary Shares, although the Capital Raising may affect the amount of UK tax you pay when you sell your Ordinary Shares.

Further information for Qualifying Shareholders who are resident in the UK for UK tax purposes is contained in Part VII (*United Kingdom Taxation Considerations*) of this document. **Qualifying Shareholders who are in any doubt as to their tax position or who are subject to tax in any**

jurisdiction other than the United Kingdom should consult their professional advisers immediately.

13. WHAT SHOULD I DO IF I LIVE OUTSIDE THE UNITED KINGDOM?

Your ability to apply to subscribe for Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlements and, if applicable, Excess Open Offer Entitlements. Shareholders with registered addresses or who are located in the United States or any other Restricted Jurisdiction are not eligible to participate in the Open Offer. Your attention is drawn to the information in Part VI (*Overseas Shareholders*) of this document.

14. I HOLD MY ORDINARY SHARES THROUGH A NOMINEE AND WANT TO PARTICIPATE IN THE OPEN OFFER. WHAT SHOULD I DO?

You should contact your nominee for further assistance on how to take up your Open Offer Entitlements and, if applicable, your Excess Open Offer Entitlements.

15. WHAT SHOULD I DO IF I NEED FURTHER ASSISTANCE?

If you have any other questions, please telephone Computershare on 0370 703 6375 (overseas callers should use +44 (0)370 703 6375). Lines are open 9:00 a.m. to 5:30 p.m. (BST), Monday to Friday, excluding English and Welsh public holidays. Please note that, for legal reasons, Computershare are only able to provide information contained in this document (other than information relating to the Company's register of members) and, as such, will be unable to give advice on the merits of the Capital Raising or to provide financial advice. Computershare staff can explain the options available to you, which forms you need to fill in and how to fill them in correctly.

Your attention is drawn to the further terms and conditions in Part V (*Terms and Conditions of the Capital Raising*).

PART III

INFORMATION ON THE GROUP

1. BUSINESS STRUCTURE AND KEY PRINCIPAL ACTIVITIES

The Group operates on a worldwide scale, supplying governments and commercial organisations with products and services that relate to the integrity of trade, and the movement and authenticity of goods. In recent years, actions have been taken to reshape the Group, which included the disposal of its Cash Processing Solutions Business, its Paper Business and its Identity Solutions Business. In May 2019, it was announced that the Group would reorganise its structure into two customer-facing divisions – Currency and Authentication. This two divisional structure, which became effective on 4 November 2019, is organised to serve the different types of solutions that the Group's customers require and their varying buying preferences.

1.1 **Currency**

The Group's Currency division is split into three branches: polymer, print and security features. The Currency division represents the largest proportion of the Group's revenue, representing 67 per cent. of the Group's FY 19/20 revenue on an IFRS basis and 80 per cent. of its adjusted core revenue. The key activities of the Currency division fall in the following key areas of Currency production:

- paper and polymer banknote printing (81 per cent. of the Currency division's FY 19/20 adjusted core revenue);
- production of polymer substrate (8 per cent. of the Currency division's FY 19/20 adjusted core revenue); and
- the provision of security features for both paper and polymer banknotes (11 per cent. of the Currency division's FY 19/20 adjusted core revenue).

Within these key areas, the Group prints currency across five sites worldwide, produces Safeguard® polymer substrate (the Group purchases its paper for these purposes from a third-party partner, Portals De La Rue Limited), and provides a portfolio of security features (including new security features such as Ignite® and Kinetic StarChrome®). In addition, the Group has developed a suite of software which supports data analytics in relation to the management of cash in circulation.

1.2 **Authentication**

The Group's Authentication division, which represented 15 per cent. of the Group's FY 19/20 revenue on an IFRS basis (and 20 per cent. of its adjusted core revenue), operates in the following key market areas:

- *Brand protection*: the supply of products and services to support businesses in protecting their revenue streams, product supply chain and brand (45 per cent. of the Authentication division's FY 19/20 revenue on an IFRS basis);
- *Government revenue solutions*: the supply of products and services to governments which authenticate goods as genuine and to assure tax revenues (44 per cent. of the Authentication division's FY 19/20 revenue on an IFRS basis); and
- *ID security components*: the provision of security components for the identity industry (11 per cent. of the Authentication division's FY 19/20 revenue on an IFRS basis).

Increasingly the Group's physical products are sold as part of a digital solution underpinned by the Group's software solutions – De La Rue Certify™ (used for government revenue solutions), Traceology™ (used for brand protection) and a dedicated licensing platform, used by Microsoft.

1.3 **Intellectual Property**

The Group's leadership in the security features market (for both the Currency and Authentication divisions) is underpinned by the patents held by the Group. As at the Latest Practicable Date, the Group held 199 patent family members (940 granted patents and 413 pending patents), the majority of which relate to security features for the Currency and Authentication divisions in many major markets, including the United Kingdom. The Group's patent portfolio is structured to protect the technology used by the Group in respect of its key physical products in both the Currency and Authentication divisions (for example, prismatic and colourshifting structures for security threads and holograms for security stripes and patches).

The Group uses certain brand names such as StarChrome®, Safeguard® and Izon® for its products worldwide, which together with the De La Rue founder's head logo, are increasingly valuable assets for the Group and its global business operations. The Group has registered its main brand names such as StarChrome®, Safeguard® and Izon® as trademarks in the European Union and the De La Rue founder's head logo is protected in numerous jurisdictions worldwide.

2. **MARKETS**

Approximately 70 per cent. of the world's countries partner with the Group. This diverse customer base includes governments, central banks, leading commercial brands, commercial and state print works and paper mills.

Currency continues to grow worldwide and the Group aims to maintain its number one position in the commercial currency print marketplace. The Group is also targeting continued strong year-on-year growth in its Authentication division during the three-year period of the Turnaround Plan, driven by further, largely project-related, investment.

2.1 **Currency**

The Group estimates that the total demand for cash has been growing at around 3 per cent. per year for the past decade and the Group expects that growth will continue at such a rate. While in recent years there has been a decline in the use of cash in certain economies (principally those located in the Northern Hemisphere), this has not been case with the countries to which the Group supplies most of its banknote production. The Group expects that cash will remain central to the global economy for many years in parallel with the rise of alternative payment systems.

The Group prints approximately 30 per cent. of the global supply of banknotes, making the Group the largest banknote producer by volume in the world. The global market for the supply of banknotes is approximately 172 billion banknotes per year, with the majority being printed by state print works. The commercial banknote market (in which the Group operates) represents the supply of around 19-25 billion banknotes per year. This can be broken down into two elements – printing for governments which do not have a state-owned printing works, and providing additional capacity (known as overspill), for those which do. The overspill market historically has been unpredictable and created volatility in the commercial printing market.

A notable preference of many commercial banknote customers is to use tendering rather than direct contracts, and while many customers buy finished banknotes from a single supplier, it is commonplace to disaggregate the purchase to buy from multiple suppliers. This means that the elements of banknote provision, such as substrate, printing, and security features can be bought separately.

The Group can act as an integrated provider, selling all the components of a banknote, as an integrator combining De La Rue and third-party components or as a provider for individual elements, such as printing, or security features. There is a trend towards banknotes becoming increasingly complex and the Group is producing some of the more challenging banknotes in the market, such as the Bank of England, Bank of Scotland, Clydesdale Bank and Royal Bank of Scotland £20 polymer banknotes.

Polymer

The Group is one of the two major global providers of polymer substrate for banknotes. In general, polymer is longer lasting than paper as a banknote substrate. While polymer represents around 3 per cent. of the global market for banknotes, it represents around 12 per cent. of banknote denominations and both the Company's market share and the demand for the product has increased over the past year. By March 2020, there were 45 denominations on De La Rue Safeguard® polymer substrate and 83 per cent. of all denominations that moved to a new polymer banknote since 2013 selected the Group. With many more denominations expected to move to this substrate, the Group expects this market to continue to grow over the next few years.

Banknotes

The global print market for banknotes (both paper and polymer) has more suppliers than the polymer substrate market. The Group has the largest share of such market, at around 30 per cent. As part of the Turnaround Plan, the Group is aiming to improve the profitability of its banknote printing by investing in, and supporting customers with, the significant trend of transition from paper to polymer banknotes, including the development of the most secure features on polymer.

Security Features

The market for security features is fragmented, with products from both integrated providers such as the Group and from standalone players. While most banknotes issued in 2019 used security threads and holographic patches, stripes have grown in popularity as polymer banknotes increasingly have an applied foil and as paper banknotes become more complex. Many countries buy security features or IP licences from the commercial market. The Group aims to invest in research and development in polymer security features and leapfrog the competition.

The Group offers a diverse security features portfolio (covering threads, applied features, print features and covert features, encompassing colourshift, holographics and micro-optics technologies). The Group expects to grow this market by rolling out new premium and mid-tier thread offerings, and continuing the focus on external holographics and polymer security features.

At present, the Group has around 10 per cent. of the security features market by volume. Typically, security features have a long cycle – between five to fifteen years – as they are usually integrated into the design. Banknotes containing the Group's latest security thread Ignite® were issued by the Bangladesh Bank in March 2020, and the Group expects a second central bank to issue new banknotes containing the Ignite® thread in late 2020.

2.2 Authentication

The Group's Authentication division supplies products and services to governments and brands to assure tax revenues and authenticate goods as genuine. It is estimated that the global illicit trade in goods is worth around US\$2.2 trillion per year, with governments, brand owners and consumers being affected by lost tax revenues, eroded brand value and lack of consumer confidence in the products they are buying.

Government Revenue Solutions

The traditional tax stamp market covering tobacco and alcohol has evolved to include digital solutions and tobacco track-and-trace. The combined physical and digital solutions provided by the Group support governments to protect tax revenue and to comply with intergovernmental policies and international treaties such as the EU Tobacco Products Directive and the World Health Organisation Framework Convention on Tobacco Control. The Group's contracts with the UAE and the Kingdom of Saudi Arabia in relation to tobacco track-and-trace are now live and delivering volumes in line with the Group's expectations.

The Group is the second largest supplier by number of government schemes and third largest supplier by revenue among the suppliers of both physical tokens and end-to-end software

systems in this market. Consequently, the Board believes that the Group is well positioned to capture market share during the growth phase envisaged by the Turnaround Plan.

Brand

The brand protection market is highly fragmented, with many operators offering partial solutions such as serialised labels and tamper-evident packaging. There is a growing move trend in the brand protection market towards utilising: highly secure labels, unique ID at an item level, consumer and inspector digital applications, and systems that can track-and-trace and authenticate products through the supply chain. In response to this shift, the Group is aiming to, among other things: build out new physical products for middle-market volume customers utilising existing holographic capabilities, revitalise existing relationships, grow into new product areas through the development of the Group's software solutions, and expand the geographical reach of its proprietary anti-counterfeiting Izon® technology.

The Group continues to invest in software capabilities for both brand and government clients and the Group is developing applications that provide greater functionality and visibility to inspectors and the public. The Group's Traceology™ software platform for brand protection customers, which works alongside Izon®, will be relaunched in the first quarter of FY 20/21, to include new analytics and reporting functionality, as well as new features for consumer interaction with the brands protected by the Group's solutions. The Group's application for validation of holograms, De La Rue Validate, has been piloted and will be launched to the wider market in the second quarter of FY 20/21. In addition, the Group is augmenting its existing 24/7 service to provide coverage to the Group's Authentication customers. The Group will also be bringing new embossed holography features and effects to market for brand labels and is exploring blockchain technologies.

Identity

In October 2019, the Group completed the sale of its Identity Solutions Business to HID Corporation Limited, an ASSA ABLOY Group company, as detailed in section 13.9 of Part VIII (*Additional Information*). The Group has retained polycarbonate manufacturing and certain ID security features which the Group sells as components to HID Corporation Limited and other identity solution providers. The Group holds advanced intellectual property rights in respect of polycarbonate data pages for passports. The Group is the current market leader for high-security printing in Sub-Saharan Africa and for cheques and financial cards in East Africa. Through its joint venture manufacturing site in Kenya, the Group supplies security print to the Kenyan Government for secure documents, such as ballot papers.

3. REGULATORY ENVIRONMENT

There have been no material changes in the Company's regulatory environment since the period covered by the latest published audited financial statements.

4. CAPITALISATION AND INDEBTEDNESS

The following table shows the Group's capitalisation as at 28 March 2020:

	As at 28 March 2020 £ million
Capitalisation	
Share capital – Ordinary Shares	46.7
Share capital – Deferred Shares	1.1
Share premium account	42.2
Legal reserves	–
Other reserves ⁽¹⁾	(68.2)
Total capitalisation	21.8

(1) Other reserves include (i) £5.9 million of capital redemption reserve, (ii) £0.1 million of hedge reserve, (iii) £9.6 million of cumulative translation adjustment and (iv) (£83.8 million) of other reserves which arose on the acquisition of De La Rue plc (now De La Rue Holdings Limited) on 1 February 2000.

The following table shows the Group's indebtedness as at 28 March 2020:

Indebtedness	As at 28 March 2020 £ million
Current debt	
– Guaranteed	–
– Secured	–
– Unguaranteed/unsecured ⁽¹⁾	116.6
Total current debt	116.6
Non-current debt (including current proportion of long term debt)	
– Guaranteed	–
– Secured	–
– Unguaranteed/unsecured	–
Total non-current debt (excluding current portion of long term debt)	–
Total indebtedness as at 28 March 2020	116.6

(1) Current debt is presented net of unamortised pre-paid borrowing fees of £0.8 million and includes £0.1 million of bank overdrafts.

As at 28 March 2020, the Group had no indirect or contingent indebtedness.

Save as disclosed in section 13.3 of Part VIII (*Additional Information*) of this document, there has been no material change to the Group's total capitalisation or indebtedness since 28 March 2020.

The following table sets out the Group's net financial indebtedness at 28 March 2020:

Net-financial indebtedness	As at 28 March 2020 £ million
Cash	14.6
Cash equivalents	–
Trading securities	–
Liquidity	14.6
Current financial receivables	–
Current bank debt ⁽¹⁾	(116.6)
Current portion of non-current debt	–
Other current financial debt ⁽²⁾	(2.8)
Current financial debt	(119.4)
Net current financial indebtedness	(104.8)
Non-current loans	–
Bonds issued	–
Other non-current debt ⁽³⁾	(11.1)
Non-current financial indebtedness	(11.1)
Net financial indebtedness	(115.9)

(1) Current bank debt is presented net of unamortised pre-paid borrowing fees of £0.8 million and includes £0.1 million of bank overdrafts.

(2) Other current financial debt is short-term right-of-use lease liabilities recognised under IFRS 16.

(3) Other non-current debt is long-term right-of-use lease liabilities recognised under IFRS 16.

PART IV

FINANCIAL INFORMATION RELATING TO THE GROUP

The audited consolidated financial statements of the Group as at and for the year ended 28 March 2020 as set out in the 2020 Financial Statements are incorporated by reference into this document, as explained in Part IX (*Information Incorporated by Reference*) of this document.

PART V

TERMS AND CONDITIONS OF THE CAPITAL RAISING

1. INTRODUCTION

As explained in Part I (*Letter from the Chairman of the Company*), the Company is proposing to raise £92 million (net of expenses) by the issue of up to 90,909,091 New Ordinary Shares at the Offer Price through the Capital Raising. The Capital Raising consists of a Firm Placing of 45,410,026 New Ordinary Shares and a Placing and Open Offer of 45,499,065 New Ordinary Shares. The Firm Placees will not be able to participate in the Open Offer in respect of their Firm Placing Shares. The Open Offer is an opportunity for Qualifying Shareholders to apply for in aggregate 45,499,065 New Ordinary Shares pro rata to their current holdings at the Offer Price. Shareholders will not be charged expenses by the Company in respect of the Capital Raising.

The Offer Price of 110 pence per New Ordinary Share represents a discount of 28 per cent. to the Closing Price of 152.8 pence per Ordinary Share on 16 June 2020 (being the last Business Day prior to the announcement of the Capital Raising) and a premium of 14.6 per cent. to the 90 trading day volume weighted average price of 96 pence per Ordinary Share for the 90 trading days ending 16 June 2020 (being the last Business Day prior to the announcement of the Capital Raising).

The Capital Raising is conditional upon: (i) the Resolutions being passed by Shareholders at the General Meeting; (ii) the Placing Agreement becoming unconditional; and (iii) Admission becoming effective by not later than 8:00 a.m. on 7 July 2020 or such later time and/or date (being not later than 8:00 a.m. on 31 July 2020) as the Company and the Joint Bookrunners may agree.

The New Ordinary Shares will be in registered form and capable of being held in certificated form or uncertificated form in CREST. The New Ordinary Shares will together represent approximately 46.6 per cent. of the Enlarged Share Capital of the Company immediately following the Capital Raising.

A cash box structure will be used for the issue of the New Ordinary Shares. The Company will allot and issue the New Ordinary Shares on a non-pre-emptive basis to the Firm Placees, the Conditional Placees and those Qualifying Shareholders who take up their Open Offer Entitlements and/or Excess Open Offer Entitlements, in consideration for Investec transferring its holding of shares in JerseyCo to the Company. Accordingly, instead of receiving cash as consideration for the issue of New Ordinary Shares, at the conclusion of the Capital Raising, the Company will own the entire issued share capital of JerseyCo whose only asset will be its cash reserves, which will represent an amount approximately equal to the net proceeds of the Capital Raising.

2. TERMS AND CONDITIONS OF THE OPEN OFFER

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, the Application Form), each Qualifying Shareholder is being given an opportunity to apply for the Open Offer Shares at the Offer Price (payable in full and free of all expenses) on the following pro rata basis:

7 New Ordinary Shares at 110 pence each for every 16 Existing Ordinary Shares

held and registered in their name at 6:00 p.m. on 12 June 2020 (the Record Time) and so in proportion to any other number of Existing Ordinary Shares then held.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their Open Offer Entitlements. Fractions of Open Offer Shares will not be allotted and each Qualifying Shareholder's Open Offer Entitlements will be rounded down to the nearest whole number. Any fractional entitlements to Open Offer Shares will be aggregated and made available under the Excess Application Facility. Accordingly, Qualifying Shareholders with fewer than 3 Existing Ordinary Shares will not be entitled to take up any Open Offer Shares but may be able to apply for Excess Open Offer Shares under the Excess Application Facility. Applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements.

Provided they choose to take up their Open Offer Entitlements in full, Qualifying Shareholders may also apply for Excess Open Offer Shares, at the Offer Price, through the Excess Application Facility. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full or in respect of the aggregated fractional entitlements to Open Offer Shares. Fractions of Excess Open Offer Shares will not be issued under the Excess Application Facility and entitlements to apply for Excess Open Offer Shares will be rounded down to the nearest whole number. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, at their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all.

The Offer Price of 110 pence per New Ordinary Share represents a discount of 28 per cent. to the Closing Price of 152.8 pence per Ordinary Share on 16 June 2020 (being the last Business Day prior to the announcement of the Capital Raising) and a premium of 14.6 per cent. to the 90 trading day volume weighted average price of 96 pence per Ordinary Share for the 90 trading days ending 16 June 2020 (being the last Business Day prior to the announcement of the Capital Raising).

Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating the Open Offer Entitlements and Excess Open Offer Entitlements.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, neither the Open Offer Entitlements nor the Excess Open Offer Entitlements will be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim. New Ordinary Shares for which application has not been made under the Open Offer (including the Excess Application Facility) will not be sold in the market for the benefit of those who do not apply under the Open Offer (including the Excess Application Facility) and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any New Ordinary Shares which are not applied for under the Open Offer (including the Excess Application Facility) will be allocated to Conditional Places pursuant to the Placing, with the proceeds retained for the benefit of the Company.

The attention of Qualifying Shareholders and any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document or an Application Form into a jurisdiction other than the UK is drawn to Part VI (Overseas Shareholders), which forms part of the terms and conditions of the Capital Raising. In particular, Restricted Shareholders will not be sent the Application Form and will not have their CREST stock accounts credited with Open Offer Entitlements or Excess Open Offer Entitlements.

The New Ordinary Shares will be ordinary shares of 44^{152/175}p each in the capital of the Company. The New Ordinary Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends and other distributions made, paid or declared in respect of the Ordinary Shares after their issue.

Application will be made to the FCA for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence by 8:00 a.m. on 7 July 2020 (whereupon an announcement will be made by the Company to a Regulatory Information Service).

The Capital Raising has been fully underwritten by the Joint Bookrunners. The Capital Raising is conditional upon: (i) the Resolutions being passed by Shareholders at the General Meeting; (ii) the Placing Agreement becoming unconditional; and (iii) Admission becoming effective by not later than 8:00 a.m. on 7 July 2020 or such later time and/or date (being not later than 8:00 a.m. on 31 July 2020) as the Company and the Joint Bookrunners may agree.

In the event that these conditions are not satisfied, the Capital Raising will not proceed. In such circumstances, application monies will be returned without payment of interest, as soon as practicable thereafter.

After Admission, the Placing Agreement will not be subject to any condition or right of termination (including in respect of statutory withdrawal rights). A summary of the principal terms of the Placing Agreement is set out in section 13.1 of Part VIII (*Additional Information*) of this document. No temporary documents of title will be issued in respect of the Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to the Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form on or around 20 July 2020.

The Existing Ordinary Shares are already CREST-enabled. No further application for admission to CREST is required for the New Ordinary Shares and all of the New Ordinary Shares when issued and fully paid may be held and transferred by means of CREST. Applications will be made for the Open Offer Entitlements and Excess Open Offer Entitlements to be admitted to CREST as participating securities. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Entitlements and Excess Open Offer Entitlements are expected to be credited to their CREST stock accounts, as soon as possible after 8:00 a.m. on 19 June 2020.

Subject to the conditions above being satisfied and save as provided in this Part V (*Terms and Conditions of the Capital Raising*), it is expected that:

- (i) Computershare will instruct Euroclear UK to credit the appropriate stock accounts of Qualifying CREST Shareholders with such Shareholders' Open Offer Entitlements and Excess Open Offer Entitlements, as soon as practicable after 8:00 a.m. on 19 June 2020;
- (ii) New Ordinary Shares in uncertificated form will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders who validly take up their Open Offer Entitlements and/or Excess Open Offer Entitlements by 8:00 a.m. on 7 July 2020;
- (iii) share certificates for the New Ordinary Shares will be despatched on or around 20 July 2020 to relevant Qualifying Non-CREST Shareholders who validly take up their Open Offer Entitlements and/or Excess Open Offer Entitlements. Such certificates will be despatched at the risk of such Shareholders; and
- (iv) in the event that the Excess Application Facility is oversubscribed, a refund in an amount equal to the number of Excess Open Offer Shares applied and paid for but not allocated multiplied by the Offer Price will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk. Qualifying CREST Shareholders will receive the refund not later than four Business Days following the date that the results of the Open Offer are announced. Qualifying Non-CREST Shareholders will receive the refund either as a cheque by first class post to the address set out on the Application Form or payment will be returned direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, not later than ten Business Days following the date that the results of the Open Offer are announced.

All Qualifying Shareholders taking up their Open Offer Entitlements and/or Excess Open Offer Entitlements will be deemed to have given the representations and warranties set out in section 4.7 below (in the case of Qualifying Non-CREST Shareholders) and section 5.10 below (in the case of Qualifying CREST Shareholders) unless, in each case, such requirement is waived in writing by the Company. All Qualifying Shareholders taking up their Open Offer Entitlements and/or Excess Open Offer Entitlements under the Open Offer will be deemed to have given the representations and warranties set out in section 2 of Part VI (*Overseas Shareholders*) of this document.

All documents and cheques posted to or by Qualifying Shareholders and/or their transferees or renounees (or their agents, as appropriate) will be posted at their own risk.

The attention of Overseas Shareholders is drawn to Part VI (*Overseas Shareholders*) which forms part of the terms and conditions of the Open Offer.

References to dates and times in this document should be read as subject to adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of any revised dates or times.

3. ACTION TO BE TAKEN IN CONNECTION WITH THE OPEN OFFER

If you are in any doubt as to the action you should take, or the contents of this document, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent adviser duly authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

The action to be taken in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has received an Application Form in respect of their entitlement under the Open Offer or has had their Open Offer Entitlements and Excess Open Offer Entitlements credited to their CREST stock account.

If you are a Qualifying Non-CREST Shareholder and you are not a Restricted Shareholder, please refer to sections 4, 5.13 and 6 to 11 (inclusive) of this Part V (*Terms and Conditions of the Capital Raising*).

If you are a Qualifying CREST Shareholder and you are not a Restricted Shareholder, please refer to sections 5 to 11 (inclusive) of this Part V (*Terms and Conditions of the Capital Raising*) and to the CREST Manual for further information on the CREST procedures referred to above.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to apply under the Open Offer in respect of the Open Offer Entitlements and/or Excess Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and/or Excess Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to above.

4. ACTION TO BE TAKEN BY QUALIFYING NON-CREST SHAREHOLDERS IN CONNECTION WITH THE OPEN OFFER

4.1 General

Save as provided in Part VI (*Overseas Shareholders*), Qualifying Non-CREST Shareholders will have received an Application Form with this document.

The Application Forms set out:

- (i) in Box A, on the Application Form, the number of Existing Ordinary Shares registered in such person's name at the Record Time (on which a Qualifying Non-CREST Shareholder's entitlement to New Ordinary Shares is based);
- (ii) in Box B, the maximum number of Open Offer Shares for which such persons are entitled to apply under their Open Offer Entitlements, taking into account they will not be entitled to take up any fraction of a New Ordinary Share arising when their entitlement was calculated, such fractions being aggregated and made available under the Excess Application Facility;
- (iii) in Box C, how much they would need to pay in Pounds Sterling if they wish to take up their Open Offer Entitlements in full;
- (iv) the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to dispose of all or part of their entitlement or to convert all or part of their entitlement into uncertificated form; and
- (v) instructions regarding acceptance and payment, consolidation and splitting.

Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold an Application Form by virtue of a *bona fide* market claim.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlements in full, Qualifying Non-CREST Shareholders may apply for Excess Open Offer Shares should they wish to do so. If applications under the Excess Application Facility are received for more than the number of Excess Open Offer Shares available following take up of Open Offer Entitlements, applications will be scaled back at the Company's absolute discretion. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, at their absolute discretion, and no assurance can be given that the number of Excess Open Offer Shares applied for by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

The instructions and other terms set out in the Application Form constitute part of the terms and conditions of the Open Offer to Qualifying Non-CREST Shareholders.

The latest time and date for acceptance of the Application Forms and payment in full will be 11:00 a.m. on 3 July 2020.

The New Ordinary Shares are expected to be issued on 7 July 2020. After such date the New Ordinary Shares will be in registered form, freely transferable by written instrument of transfer in the usual common form, or if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

Qualifying Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Shareholders are, however, encouraged to vote at the General Meeting by completing and returning the enclosed Proxy Form (either in hard copy or electronically) or by completing and transmitting a CREST Proxy Instruction.

4.2 *Bona fide market claims*

Applications to acquire Open Offer Shares may only be made using the Application Form and may only be made by the Qualifying Non-CREST Shareholder named on it or by a person entitled by virtue of a bona fide market claim in relation to a purchase of Ordinary Shares through the market prior to 8:00 a.m. on 17 June 2020 (the time at which the Ordinary Shares were marked 'ex' the entitlement to participate in the Open Offer). Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims prior to 3:00 p.m. on 30 June 2020.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of their holding of Ordinary Shares prior to the Ex-Entitlements Time, being 8:00 a.m. on 17 June 2020, should consult their broker or other professional adviser as soon as possible, as the invitation to acquire New Ordinary Shares under the Open Offer may be a benefit which may be claimed by the transferee.

Qualifying Non-CREST Shareholders who have sold all of their registered holdings prior to 8:00 a.m. on 17 June 2020 should, if the market claim is to be settled outside CREST, complete Box J on the Application Form and immediately send it to the broker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, or directly to the purchaser or transferee, if known. The Application Form should not, however, be forwarded to or transmitted in or into any Restricted Jurisdiction, including the United States. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in section 5 below.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred part only of their Existing Ordinary Shares shown on Box A of their Application Form prior to 8:00 a.m. on 17 June 2020 should, if the market claim is to be settled outside CREST, complete Box J of the Application Form and immediately deliver the Application Form, together with a letter stating the number of Application Forms required (being one for the Qualifying Non-CREST Shareholder in question and one for each of the purchasers or transferees), the total number of Existing Ordinary Shares to be included in each Application Form (the aggregate of which must equal the number shown in Box A of the Application Form) and the total number of Open Offer Entitlements to be included in each Application Form (the aggregate of which must equal the number shown in Box B), to the broker, bank or other agent through whom the sale or transfer was effected or return it by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH so as to be received by no later than 3:00 p.m. on 1 July 2020. The Receiving Agent will then create new Application Forms, mark the Application Forms 'Declaration of sale or transfer duly made' and send them by post to the person submitting the original Application Form. The Application Form should not, however, be forwarded to or transmitted in or into any Restricted Jurisdiction, including the United States.

4.3 Application procedures

Qualifying Non-CREST Shareholders who wish to apply to subscribe for all or any of the Open Offer Shares in respect of their Open Offer Entitlements must return the Application Form in accordance with the instructions thereon. Qualifying Non-CREST Shareholders may only apply for Excess Open Offer Shares under the Excess Application Facility if they have agreed to take up their Open Offer Entitlements in full. Completed Application Forms should be posted in the accompanying pre-paid envelope (in the UK only) or returned by hand (during normal office hours only) to Computershare, The Pavilions, Bridgwater Road, Bristol, BS13 8AE so as to be received by Computershare by no later than 11:00 a.m. on 3 July 2020, after which time, subject to the limited exceptions set out below, Application Forms will not be valid. Applications delivered by hand will not be checked upon delivery and no receipt will be provided. Qualifying Non-CREST Shareholders should note that applications, once made, will, subject to the very limited withdrawal rights set out in this document, be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

Completed Application Forms should be returned together with payment in accordance with section 4.4 below.

4.4 Payment

All payments must be made by cheque or banker's draft in Pounds Sterling payable to 'CIS PLC Re: De La Rue plc Open Offer' and crossed 'A/C payee only'. Cheques must be for the full amount payable on acceptance, and sent by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH so as to be received as soon as possible and, in any event, not later than **11:00 a.m. on 3 July 2020**. A pre-paid envelope for use within the UK only will be sent with the Application Form.

Third party cheques may not be accepted except building society cheques or banker's drafts where the building society or bank has inserted the name of the account holder and has either added the building society or bank branch stamp or has provided a supporting letter confirming the source of funds. The name of the account holder should be the same as that shown on the Application Form. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the UK, the Channel Islands or the Isle of Man and which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

The Company reserves the right to have cheques and banker's drafts presented for payment on receipt. No interest will be allowed on payments made before they are due and any interest on

such payments will be paid to the Company. It is a term of the Open Offer that cheques must be honoured on first presentation and the Company may elect to treat as invalid any acceptances in respect of which cheques are not honoured. Return of the Application Form with a cheque will constitute a warranty that the cheque will be honoured on first presentation.

If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be kept in an interest-bearing account retained for the Company until all conditions are met. If the Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk) to applicants, without payment of interest, either as a cheque by first class post to the address set out on the Application Form or returned direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, in each case, as soon as practicable following the lapse of the Open Offer. The interest earned on such monies, if any, will be retained for the benefit of the Company.

If Open Offer Shares are allotted to a Qualifying Shareholder and a cheque for that allotment is subsequently not honoured, the Company may (at its absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of such Qualifying Shareholder and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Shareholder pursuant to the provisions of this Part V (*Terms and Conditions of the Capital Raising*) in respect of the acquisition of such shares) on behalf of such Qualifying Shareholder. Neither the Company nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any Qualifying Shareholder as a result.

All enquires in connection with the Application Forms should be addressed to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH. Alternatively, enquiries in connection with the Application Forms can be made to Computershare on 0370 703 6375 (overseas callers should use +44 (0)370 703 6375). Lines are open 9:00 a.m. to 5:30 p.m. (BST), Monday to Friday, excluding English and Welsh public holidays.

4.5 Discretion as to the validity of acceptances

If payment is not received in full by 11:00 a.m. on 3 July 2020, the offer to subscribe for Open Offer Shares will be deemed to have been declined and will lapse. However, the Company may, but shall not be obliged to, treat as valid:

- (A) Application Forms and accompanying remittances that are received through the post not later than 5:00 p.m. on 3 July 2020 (the cover bearing a legible postmark not later than 11:00 a.m. on 3 July 2020); and
- (B) acceptances in respect of which a remittance is received prior to 11:00 a.m. on 3 July 2020 from an authorised person (as defined in section 31(2) of FSMA) specifying the number of Open Offer Shares to be acquired and undertaking to lodge the relevant Application Form, duly completed, by 5:00 p.m. on 3 July 2020 and such Application Form is lodged by that time.

The Company may also (at its absolute discretion) treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

The Company reserves the right to treat as invalid any application or purported application for the Open Offer Shares pursuant to the Open Offer that appears to the Company to have been executed in, despatched from, or that provides an address for delivery of definitive share certificates for Open Offer Shares in, a Restricted Jurisdiction, including the United States.

4.6 ***Excess Application Facility***

Qualifying Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at the Offer Price through the Excess Application Facility. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full or in respect of the aggregated fractional entitlements to Open Offer Shares. Fractions of Excess Open Offer Shares will not be issued under the Excess Application Facility and entitlements to apply for Excess Open Offer Shares shall be rounded down to the nearest whole number. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, at their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders for Excess Open Offer Shares will be met in full or in part or at all.

Qualifying Non-CREST Shareholders who wish to apply for Excess Open Offer Shares in excess of their Open Offer Entitlements must complete the Application Form in accordance with the instructions set out on the Application Form. Qualifying Non-CREST Shareholders may only apply for Excess Open Offer Shares under the Excess Application Facility if they have agreed to take up their Open Offer Entitlements in full.

In the event that the Excess Application Facility is oversubscribed, each Qualifying Shareholder who has made a valid application for Excess Open Offer Shares under the Excess Application Facility and from whom payment in full for Excess Open Offer Shares has been received will receive a refund in an amount equal to the number of Excess Open Offer Shares applied and paid for but not allocated multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable after such allocation, without payment of interest and at the applicant's sole risk. Qualifying Non-CREST Shareholders will receive the refund either as a cheque by first class post to the address set out on the Application Form or payment will be returned direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn not later than ten Business Days following the date that the results of the Open Offer are announced.

4.7 ***Effect of application***

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form the applicant:

- (i) represents and warrants to each of the Company, the Joint Bookrunners and the Sponsor that they have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise their rights, and perform their obligations, under any contracts resulting therefrom and that they are not person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares and/or Excess Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with each of the Company, the Joint Bookrunners and the Sponsor that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations relating thereto, shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iii) confirms to each of the Company, the Joint Bookrunners and the Sponsor that in making the application they are not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any information or representation not so contained and further agrees that, having had the opportunity to read this document including any documentation incorporated by reference, they will be deemed to have had notice of all the information contained in this document (including information incorporated by reference);

- (iv) confirms to each of the Company, the Joint Bookrunners and the Sponsor that in making the application they are not relying and have not relied on the Joint Bookrunners or the Sponsor or any other person affiliated with the Joint Bookrunners or the Sponsor in connection with any investigation of the accuracy of any information contained in this document or their investment decision;
- (v) represents and warrants to each of the Company, the Joint Bookrunners and the Sponsor that if they have received some or all of their Open Offer Entitlements and/or Excess Open Offer Entitlements from a person other than the Company, they are entitled to apply under the Open Offer in relation to such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vi) represents and warrants to each of the Company, the Joint Bookrunners and the Sponsor that they are the Qualifying Shareholder(s) originally entitled to the Open Offer Entitlements and/or Excess Open Offer Entitlements or that they have received such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) represents and warrants to each of the Company, the Joint Bookrunners and the Sponsor that they are not, nor are they applying on behalf of any person who is: (a) located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law, and (b) they are not applying with a view to re-offering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of their application to, or for the benefit of, a person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (viii) represents and warrants to each of the Company, the Joint Bookrunners, the Sponsor and the Receiving Agent that: (a) they are not in the United States, nor are they applying for the account of any person who is located in the United States; and (b) they are not applying for the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly of any Open Offer Shares into the United States;
- (ix) represents and warrants to each of the Company, the Joint Bookrunners and the Sponsor that they are not, and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (x) requests that the Open Offer Shares to which they will become entitled be issued to them on the terms set out in this document, subject to the Articles of Association.

4.8 **Money Laundering Regulations**

To ensure compliance with the Money Laundering Regulations, Computershare may require, at its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the 'verification of identity requirements'). If an application is made by a UK-regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of Computershare. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment (in this subsection, the "**applicant**"), including any person who appears to Computershare to be acting on behalf of some other person, shall thereby be deemed to agree to provide Computershare with such information and other evidence as Computershare may require to satisfy the verification of identity requirements. Submission of an Application Form shall constitute a warranty that the Money Laundering

Regulations will not be breached by the acceptance of remittance and an undertaking by the applicant to provide promptly to Computershare such information as may be specified by Computershare as being required for the purpose of the Money Laundering Regulations.

If Computershare determines that the verification of identity requirements apply to any applicant or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. Computershare is entitled, at its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and neither Computershare nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity, Computershare has not received evidence satisfactory to it as aforesaid, the Company may, at its absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

The verification of identity requirements will not usually apply if:

- (i) the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (ii) the applicant is an organisation required to comply with the EU Money Laundering Directive (No. 2015/849/EC);
- (iii) the applicant is a company whose securities are listed on a regulated market subject to specified disclosure obligations;
- (iv) the applicant (not being an applicant who delivers their application in person) makes payment through an account in the name of such applicant with a credit institution which is subject to the Money Laundering Regulations or with a credit institution situated in a non-EEA State which imposes requirements equivalent to those laid down in that directive; or
- (v) the aggregate subscription price for the relevant New Ordinary Shares is less than €15,000 (or its Pounds Sterling equivalent).

Submission of the Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Sponsor and the Joint Bookrunners from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

Where the verification of identity requirements apply, please note the following as this will assist in satisfying the requirements. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker's draft drawn on a branch of a bank or building society in the UK and bears a UK bank sort code number in the top right hand corner, the following applies. Cheques, which are recommended to be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to 'CIS PLC Re: De La Rue plc Open Offer' and crossed 'A/C payee only'. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted the full name of the account holder and have either added the building society or bank branch stamp or have provided a supporting letter confirming the source of funds. The name of the account holder should be the same as that shown on the Application Form;
- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in sub-paragraph (ii) above or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, the Gulf Co-operation

Council, Hong Kong, Iceland, India Israel, Korea, Japan, Malaysia, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey and the US), the agent should provide written confirmation that it has that status with the Application Form(s) and written assurances that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to Computershare and/or any relevant regulatory or investigatory authority; or

- (iii) if an Application Form is lodged by hand by the applicant in person, they should ensure that they have with them evidence of identity bearing their photograph (for example, their passport) and evidence of their address.

To confirm the acceptability of any written assurance referred to in paragraph (ii) above, or in any other case, the applicant should contact Computershare on 0370 703 6375 (overseas callers should use +44 (0)370 703 6375). Lines are open 9:00 a.m. to 5:30 p.m. (BST), Monday to Friday, excluding English and Welsh public holidays.

4.9 ***Issue of Open Offer Shares in certificated form***

Definitive share certificates in respect of the Open Offer Shares to be held in certificated form are expected to be despatched by post on or around 20 July 2020, at the risk of the person(s) entitled to them, to accepting Qualifying Non-CREST Shareholders or their agents or, in the case of joint holdings, to the first-named Shareholder, in each case at their registered address (unless lodging agent details have been completed on the Application Form).

5. **ACTION TO BE TAKEN BY QUALIFYING CREST SHAREHOLDERS IN CONNECTION WITH THE OPEN OFFER**

5.1 ***General***

Save as provided in Part VI (*Overseas Shareholders*) of this document in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder is expected to receive a credit to their CREST stock account of their Open Offer Entitlements equal to the maximum number of Open Offer Shares for which they are entitled to apply to acquire under the Open Offer together with a credit of Excess Open Offer Entitlements equal to the maximum number of Ordinary Shares available through the Open Offer.

Qualifying CREST Shareholders subject to a market claim should note that Excess CREST Open Offer Entitlements will not transfer as part of the market claim and if they wish to apply for such Excess Open Offer Entitlements then they should contact Computershare on 0370 703 6375 (overseas callers should use +44 (0)370 703 6375) with evidence of the market claim. Lines are open 9:00 a.m. to 5:30 p.m. (BST), Monday to Friday, excluding English and Welsh public holidays. Calls to the Shareholder Helpline from outside of the United Kingdom will be charged at the applicable international rate. Qualifying CREST Shareholders, when requesting, an increased credit, should ensure that they leave sufficient time for the additional Excess Open Offer Entitlements to be credited to their account and for an application to be made in respect of those entitlements before the application date.

Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' entitlements and will be aggregated and made available under the Excess Application Facility.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Ordinary Shares held at the Record Time by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess Open Offer Entitlements have been allocated.

If for any reason it is impracticable to credit the stock accounts of Qualifying CREST Shareholders by 7 July 2020 or such later time as the Company shall decide, Application Forms shall, unless the Company and Joint Bookrunners agrees otherwise, be sent out in substitution for the Open Offer Entitlements and Excess Open Offer Entitlements which have not been so credited and the expected timetable as set out in this document may be adjusted as appropriate. References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information

Service giving details of the revised dates but Qualifying CREST Shareholders may not receive any further written communication.

Qualifying CREST Shareholders who wish to take up all or part of their Open Offer Entitlements and Excess Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlement, as only your CREST sponsor will be able to take the necessary action to take up your entitlements in respect of Open Offer Shares. If you have any queries on the procedure for acceptances and payment, you should contact Computershare on 0370 703 6375 (overseas callers should use +44 (0)370 703 6375). Lines are open 9:00 a.m. to 5:30 p.m. (BST), Monday to Friday, excluding English and Welsh public holidays.

In accordance with the instructions in this Part V (*Terms and Conditions of the Capital Raising*) the CREST instruction must have been settled by 11:00 a.m. on 3 July 2020.

5.2 *Bona fide market claims*

The Open Offer Entitlements and Excess Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlements will generate an appropriate market claim and the relevant Open Offer Entitlements will thereafter be transferred accordingly. The Excess Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim. Please note that an additional USE Instruction must be sent in respect of any application under the Excess Open Offer Entitlements.

A Qualifying CREST Shareholder who has made a valid application for Excess New Open Offer Shares under the Excess Application Facility which is not met in full, and from whom payment in full for Excess Open Offer Shares has been received, will receive an amount equal to the number of Excess Open Offer Shares applied and paid for, but not allocated to, the relevant Qualifying CREST Shareholder, multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

5.3 *USE Instructions*

Qualifying CREST Shareholders who are CREST members and who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE Instruction to CREST which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.

5.4 *Content of USE Instructions in respect of Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear UK's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlements being delivered to the Receiving Agent);

- (ii) the ISIN of the Open Offer Entitlements. This is GB00BMFZWR45;
- (iii) the CREST participant ID of the CREST member;
- (iv) the CREST member account ID of the CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 3RA22;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is DELARU01;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11:00 a.m. on 3 July 2020;
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST;
- (x) a contact name and telephone number (in the free format shared note field); and
- (xi) a priority of at least 80.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11:00 a.m. on 3 July 2020. CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 3 July 2020 in order to be valid is 11:00 a.m. on that day.

If the conditions to the Capital Raising are not fulfilled on or before 8:00 a.m. on 7 July 2020, or such other time and/or date (being not later than 8:00 a.m. on 31 July 2020) as may be agreed between the Company, the Sponsor and the Joint Bookrunners, the Open Offer will lapse, the Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest as soon as practicable thereafter.

The interest earned on such monies, if any, will be retained for the benefit of the Company.

5.5 CREST procedures and timings

Qualifying CREST Shareholders who are CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear UK does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the Qualifying CREST Shareholder concerned to take (or, if the Qualifying CREST Shareholder is a CREST sponsored member, to procure that their CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11:00 a.m. on 3 July 2020. Qualifying CREST Shareholders and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

5.6 Validity of application

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by not later than 11:00 a.m. on 3 July 2020 will constitute a valid application under the Open Offer.

5.7 Incorrect or incomplete applications

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST member in question (without interest); or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

5.8 ***Excess Application Facility***

Qualifying CREST Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at the Offer Price through the Excess Application Facility. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full or in respect of the aggregated fractional entitlements to Open Offer Shares. Fractions of Excess Open Offer Shares will not be issued under the Excess Application Facility and entitlements to apply for Excess Open Offer Shares shall be rounded down to the nearest whole number. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, at their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders for Excess Open Offer Shares will be met in full or in part or at all.

The CREST accounts of Qualifying CREST Shareholders will be credited with Excess Open Offer Entitlements to enable applications for Excess Open Offer Shares to be settled through CREST. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities. Neither the Open Offer Entitlements nor the Excess Open Offer Entitlements will be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a bona fide market claim.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlements will generate an appropriate market claim and the relevant Open Offer Entitlements will thereafter be transferred accordingly. The Excess Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim. Please note that an additional USE Instruction must be sent in respect of any application under the Excess Open Offer Entitlements. Excess Open Offer Entitlements will not be subject to Euroclear UK’s market claims process. Qualifying CREST Shareholders claiming Excess Open Offer Entitlements by virtue of a bona fide market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of entitlements to their CREST account. Please note that an additional USE instruction must be sent in respect of any application under the Excess Entitlement.

In the event that the Excess Application Facility is oversubscribed, each Qualifying Shareholder who has made a valid application for Excess Open Offer Shares under the Excess Application Facility and from whom payment in full for Excess Open Offer Shares has been received will receive a refund in an amount equal to the number of Excess Open Offer Shares applied and paid for but not allocated multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant’s sole risk. Qualifying CREST Shareholders will receive the refund not later than four Business Days following the date that the results of the Open Offer are announced.

5.9 ***Content USE Instruction in respect of Excess Open Offer Entitlements***

The USE Instruction must be properly authenticated in accordance with Euroclear UK’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess Open Offer Entitlements. This is GB00BMFZWK75;
- (iii) the CREST participant ID of the CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 3RA22;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is DELARU01;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11:00 a.m. on 3 July 2020;
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST;
- (x) a contact name and telephone number (in the free format shared note field); and
- (xi) a priority of at least 80.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11:00 a.m. on 3 July 2020. CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 3 July 2020 in order to be valid is 11:00 a.m. on that day.

5.10 ***Effect of application***

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (i) represents and warrants to each of the Company, the Joint Bookrunners and the Sponsor that they have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise their rights, and perform their obligations, under any contracts resulting therefrom and that they are not person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares and/or Excess Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with each of the Company, the Joint Bookrunners and the Sponsor to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay the amount payable on application);
- (iii) agrees with each of the Company, the Joint Bookrunners and the Sponsor that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations relating thereto, shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iv) confirms to each of the Company, the Joint Bookrunners and the Sponsor that in making the application they are not relying on any information or representation other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the

preparation thereof, shall have any liability for any information or representation not so contained and further agrees that, having had the opportunity to read this document, including any documentation incorporated by reference, they will be deemed to have had notice of all the information contained in this document (including information incorporated by reference);

- (v) confirms to each of the Company, the Joint Bookrunners and the Sponsor that in making the application they are not relying and have not relied on the Joint Bookrunners or the Sponsor or any other person affiliated with the Joint Bookrunners or the Sponsor in connection with any investigation of the accuracy of any information contained in this document or their investment decision;
- (vi) represents and warrants to each of the Company, the Joint Bookrunners and the Sponsor that if they have received some or all of their Open Offer Entitlements and/or Excess Open Offer Entitlements from a person other than the Company, they are entitled to apply under the Open Offer in relation to such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) represents and warrants to each of the Company, the Joint Bookrunners and the Sponsor that they are the Qualifying Shareholder(s) originally entitled to the Open Offer Entitlements and/or Excess Open Offer Entitlements or that they have received such Open Offer Entitlements and/or Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (viii) represents and warrants to each of the Company, the Joint Bookrunners and the Sponsor that they are not, nor are they applying on behalf of any person who is: (a) located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law; and (b) applying with a view to re-offering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of their application to, or for the benefit of, a person who is located, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (ix) represents and warrants to each of the Company, the Joint Bookrunners, the Sponsor and the Receiving Agent that: (a) they are not in the United States, nor are they applying for the account of a person who is located in the United States, and (b) they are not applying for the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly of any New Ordinary Shares into the United States;
- (x) represents and warrants to each of the Company, the Joint Bookrunners and the Sponsor that they are not, and nor are they applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (xi) requests that the Open Offer Shares to which they will become entitled be issued to them on the terms set out in this document, subject to the Articles of Association.

5.11 **Discretion as to rejection and validity of acceptances**

The Company may:

- (i) reject any acceptance constituted by a USE Instruction, which is otherwise valid, in the event of a breach of any of the representations, warranties and undertakings set out or referred to in section 5.10 of this Part V (*Terms and Conditions of the Capital Raising*). Where an acceptance is made as described in this section 5 which is otherwise valid, and the USE Instruction concerned fails to settle by 11:00 a.m. on 3 July 2020 (or by such later time and date as the Company and the Joint Bookrunners may determine), the Company

shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this section 5.11(i), that there has been a breach of the representations, warranties and undertakings set out or referred to in section 5.10 above unless the Company is aware of any reason outside the control of the Qualifying CREST Shareholder or CREST sponsor (as appropriate) concerned for the failure of the USE Instruction to settle;

- (ii) treat as valid (and binding on the Qualifying CREST Shareholder concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this section 5;
- (iii) accept an alternative properly authenticated dematerialised instruction from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, a USE Instruction and subject to such further terms and conditions as the Company may determine;
- (iv) treat a properly authenticated dematerialised instruction (in this sub-section, the **“first instruction”**) as not constituting a valid acceptance if, at the time at which Computershare receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or Computershare has received actual notice from Euroclear UK of any of the matters specified in CREST Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (v) accept an alternative instruction or notification from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of a USE Instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any Qualifying CREST Shareholder or (where applicable) CREST sponsor, a Qualifying CREST Shareholder is unable validly to take up all or part of their Open Offer Entitlements and/or Excess Open Offer Entitlements by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by Computershare in connection with CREST.

5.12 **Money Laundering Regulations**

If you hold your Existing Ordinary Shares in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a bank, a broker or another UK financial institution), then, irrespective of the value of the application, Computershare is required to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. Such Qualifying CREST Shareholders must therefore contact Computershare before sending any USE Instruction or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to the Company, the Joint Bookrunners and the Sponsor to provide promptly to Computershare any information Computershare may specify as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Computershare as to identity, Computershare, having consulted with the Company, may take, or omit to take, such action as it may determine to prevent or delay settlement of the USE Instruction. If satisfactory evidence of identity has not been provided within a reasonable time, Computershare will not permit the USE Instruction concerned to proceed to settlement (without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure by the applicant to provide satisfactory evidence).

5.13 **Deposit of Open Offer Entitlements into, and withdrawal from, CREST**

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in their Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or

into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, (in the case of a deposit into CREST) as set out in the Application Form.

A Qualifying Non-CREST Shareholder who wishes to make such a deposit should sign and complete Box O of their Application Form, entitled 'CREST Deposit Form' and then deposit their Application Form with the CREST Courier and Sorting Service. In addition, the normal CREST stock deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST transfer form (as prescribed under the Stock Transfer Act 1963) with the CREST Courier and Sorting Service and (b) only the Open Offer Entitlements shown in Box B of the Application Form may be deposited into CREST.

If you have received your Application Form by virtue of a *bona fide* market claim, the declaration below Box I must be made or (in the case of an Application Form which has been split) marked 'Declaration of sale or transfer duly made'. If you wish to take up your Open Offer Entitlements, the CREST Deposit Form in Box O of your Application Form must be completed and deposited with the CREST Courier and Sorting Service in accordance with the instructions above. A holder of more than one Application Form who wishes to deposit Open Offer Entitlements shown on those Application Forms into CREST must complete Box O of each Application Form.

In particular, having regard to normal processing times in CREST and on the part of Computershare, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the Open Offer Entitlements and Excess Open Offer Entitlements set out in such Application Form as Open Offer Entitlements and Excess Open Offer Entitlements in CREST, is 3:00 p.m. on 30 June 2020. CREST holders inputting the withdrawal of their Open Offer Entitlements from their CREST account must ensure that they withdraw both their Open Offer Entitlements and Excess Open Offer Entitlements.

Delivery of an Application Form with the CREST deposit form duly completed, whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and Computershare by the relevant CREST member(s) that they are not in breach of the provisions of the notes under the section headed Application Letter on page 3 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that they are not located in, or citizen(s) or resident(s) of, any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law, and that they are not located in the United States and, where such deposit is made by a beneficiary or a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

5.14 *Right to allot and issue New Ordinary Shares in certificated form*

Despite any other provision of this document, the Company reserves the right to allot and to issue any New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by Computershare in connection with CREST.

6. TAXATION

Information on taxation with regard to the Capital Raising for Qualifying Shareholders who are resident in the UK for UK tax purposes is set out in Part VII (*United Kingdom Taxation Considerations*) of this document. The information contained in Part VII (*United Kingdom Taxation Considerations*) is intended only as a general guide to the current tax position in the United Kingdom and Qualifying Shareholders resident in the UK for UK tax purposes should consult their own tax advisers regarding the tax treatment of the Capital Raising in light of their own circumstances. Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser immediately.

7. WITHDRAWAL RIGHTS

Qualifying Shareholders wishing to exercise the withdrawal rights under Article 23(2) of the Prospectus Regulation after the issue by the Company of a prospectus supplementing this document (if any) must do so by lodging a written notice of withdrawal, which shall not include a notice sent by facsimile or any other form of electronic communication, with Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH. The notice of withdrawal must include the full name and address of the person wishing to exercise such statutory withdrawal rights and, if such person is a Qualifying CREST Shareholder, the participant ID and the member account ID of such Qualifying CREST Shareholder. The notice of withdrawal must not be received later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by Computershare after expiry of such period will not constitute a valid withdrawal.

Furthermore, based on advice received, it is the Company's view that Qualifying Shareholders who have validly taken up their entitlements in accordance with the procedure laid down for acceptance and payment in this Part V (*Terms and Conditions of the Capital Raising*) shall not be entitled to withdraw any such acceptance. In such circumstances, any such accepting Qualifying Shareholder or renouncee, wishing to withdraw is advised to seek independent legal advice.

8. TIMES AND DATES

The Company shall at its discretion be entitled to amend the dates that Application Forms are despatched or dealings in New Ordinary Shares commence and amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document. In such circumstances the Company will make an appropriate announcement to a Regulatory Information Service and, if appropriate, will notify Shareholders.

9. EMPLOYEE SHAREHOLDERS

To the extent that employees are also Shareholders, their Ordinary Shares will be treated in the same way in the Open Offer as Ordinary Shares held by any other Shareholder. Such treatment is detailed in this document but any further queries should be directed to the Shareholder Helpline.

If the employee Shareholder holds their Ordinary Shares through a nominee arrangement, the employee may need to instruct the nominee, for example, as to how to vote at the General Meeting and whether or not to accept the rights attaching to the employee's Ordinary Shares. Employee Shareholders will be contacted in due course in this regard.

10. GOVERNING LAW

The terms and conditions of the Capital Raising as set out in this document and the Application Form shall be governed by, and construed in accordance with, the laws of England and Wales (including, without limitation, any non-contractual obligations arising out of or in connection with the Capital Raising and, where appropriate, the Application Form).

11. JURISDICTION

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual, which may arise out of or in connection with the Capital Raising, this document and the Application Form. By accepting entitlements under the Open Offer in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Application Form, Qualifying Shareholders irrevocably submit to the exclusive jurisdiction of the Courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART VI

OVERSEAS SHAREHOLDERS

1. OVERSEAS SHAREHOLDERS

This document has been approved by the FCA, being the competent authority in the UK. It is expected that Shareholders in each EEA State will be able to participate in the Open Offer.

It is the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the UK wishing to participate in the Open Offer to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The comments set out in this Part VI (*Overseas Shareholders*) are intended as a general guide only and any Overseas Shareholder who is in doubt as to their position should consult their professional adviser without delay.

1.1 *General*

The distribution of this document and the Application Form and the making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in countries other than the United Kingdom may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the Open Offer and Excess Application Facility.

This section sets out the restrictions applicable to Shareholders who have registered addresses outside the UK, who are physically located outside the UK, or who are citizens or residents of countries other than the UK, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this document to a jurisdiction outside the UK, or who hold Ordinary Shares for the account or benefit of any such person.

New Ordinary Shares will be provisionally allotted to all Shareholders holding Ordinary Shares at the Record Time, including Restricted Shareholders. However, Application Forms have not been, and will not be, sent to, and New Ordinary Shares will not be credited to CREST accounts of, Restricted Shareholders, or to their agent or intermediary, except where the Company and the Joint Bookrunners are satisfied that such action would not result in a contravention of any registration or other legal requirement in any such jurisdiction.

Having considered the circumstances, the Directors have formed the view that it is necessary and/or expedient to restrict the ability of the Shareholders in the United States and the other Restricted Jurisdictions to participate in the Open Offer due to the time and costs involved in the registration of the document and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions.

Receipt of this document and/or an Application Form or the crediting of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST will not constitute an offer in or into any Restricted Jurisdiction, including the United States, and, in those circumstances, this document and/or an Application Form must be treated as sent for information only and should not be copied or redistributed. No person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST in any territory other than the UK may treat the same as constituting an invitation or offer to them, nor should they in any event use the Application Form or deal with Open Offer Entitlements and/or Excess Open Offer Entitlements in CREST unless, in the relevant jurisdiction (other than any Restricted Jurisdictions), such an invitation or offer could lawfully be made to them and the Application Form or Open Offer Entitlements and/or Excess Open Offer Entitlements in CREST could lawfully be used or dealt with without contravention of any unfulfilled registration or other legal or regulatory requirements.

Accordingly, persons receiving a copy of this document and/or an Application Form or whose stock account in CREST is credited with Open Offer Entitlements and/or Excess Open Offer Entitlements should not, in connection with the Capital Raising, distribute or send the same in or into, or transfer Open Offer Entitlements and/or Excess Open Offer Entitlements to any person in or into any Restricted Jurisdiction, including the United States. If an Application Form or credit of Open Offer Entitlements and/or Excess Open Offer Entitlements in CREST is received by any person in any Restricted Jurisdiction, including the United States, or by their agent or nominee in any such territory, they must not seek to take up the entitlements referred to in the Application Form or in this document or renounce the Application Form or transfer the Open Offer Entitlements and/or Excess Open Offer Entitlements in CREST, unless the Company determines (in consultation with the Joint Bookrunners) that such actions would not violate applicable legal or regulatory requirements. Any person who does forward this document or an Application Form into any Restricted Jurisdiction (whether under contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

The Company may treat as invalid any acceptance or purported acceptance of the offer of the Open Offer Entitlements and/or Excess Open Offer Entitlements which appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if it believes or they believe that the same may violate applicable legal or regulatory requirements or if, in the case of an Application Form, it provides an address for delivery of the definitive share certificates for New Ordinary Shares, or, in the case of a credit of New Ordinary Shares in CREST, the Shareholder's registered address is in a Restricted Jurisdiction, including the United States, or if the Company believes or its agents believe that the same may violate applicable legal or regulatory requirements. The attention of US persons and Shareholders with registered addresses in the United States or holding Ordinary Shares on behalf of persons with such addresses is drawn to section 1.2 of this Part VI (*Overseas Shareholders*). The attention of Qualifying Shareholders with registered addresses in other territories outside of the United Kingdom or holding Ordinary Shares on behalf of persons with such addresses is drawn to section 1.4 of this Part VI (*Overseas Shareholders*).

Despite any other provisions of this document or the Application Form, the Company reserves the right to permit any Overseas Shareholder to take up their entitlements if the Company (in consultation with the Joint Bookrunners) at its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restriction in question. If the Company is so satisfied, the Company will arrange for the relevant Overseas Shareholder to be sent an Application Form if they are reasonably believed to be a Qualifying Non-CREST Shareholder or, if they are reasonably believed to be a Qualifying CREST Shareholder, arrange for the Open Offer Entitlements and/or Excess Open Offer Entitlements to be credited to the relevant CREST stock account.

Those Overseas Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in sections 4 and 5 of Part V (*Terms and Conditions of the Capital Raising*).

The provisions of this Part VI (*Overseas Shareholders*) will apply generally to Restricted Shareholders and other Overseas Shareholders who do not or are unable to take up New Ordinary Shares provisionally allotted to them.

Specific restrictions relating to certain jurisdictions are set out below.

1.2 *Offering restrictions relating to the United States*

The New Ordinary Shares have not been and will not be registered under the US Securities Act or any relevant securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Subject to certain exceptions, this document and the Application Form are intended for use only in connection with offers and sales of New Ordinary Shares outside the United States and are

not to be sent or given to any person with a registered address, or who is resident or located in, the United States. Subject to certain exceptions, no offering is being made in the United States and neither this document nor the Application Form constitutes or will constitute an offer or an invitation to apply for, or an offer or an invitation to acquire or subscribe for, any New Ordinary Shares in the United States. The Application Forms will not be sent to and the Open Offer Entitlements and/or Excess Open Offer Entitlements will not be credited to, a stock account in CREST of any Shareholder with a registered address in the United States.

Application Forms should not be postmarked in the United States or otherwise despatched from the United States, and all persons acquiring New Ordinary Shares and wishing to hold such shares in registered form must provide an address for registration of the New Ordinary Shares issued upon exercise thereof outside of the United States.

Neither the New Ordinary Shares, the Proxy Form, the Application Form, this document nor any other document connected with the Capital Raising have been or will be approved or disapproved by the SEC or by the securities commissions of any state or other jurisdiction of the United States or any other regulatory authority, nor have any of the foregoing authorities or any securities commission passed upon or endorsed the merits of the offering of the New Ordinary Shares, the Proxy Form, the Application Form, or the accuracy or adequacy of this document or any other document connected with this Capital Raising. Any representation to the contrary is a criminal offence in the United States.

Any person who subscribes for New Ordinary Shares will be deemed to have declared, represented, warranted and agreed to, by accepting delivery of this document or the Application Form or by applying for New Ordinary Shares in respect of Open Offer Entitlements and/or Excess Open Offer Entitlements credited to a stock account in CREST, and delivery of the New Ordinary Shares, the representations and warranties set out in section 2 of this Part VI (*Overseas Shareholders*).

The Company reserves the right, at its absolute discretion, to treat as invalid any Application Form: (i) that appears to the Company or its agents to have been executed in or despatched from the United States; or (ii) where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements, and the Company shall not be bound to issue any New Ordinary Shares in respect of any such Application Form. In addition, the Company reserves the right, at its absolute discretion, to reject any USE Instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the New Ordinary Shares.

Until 40 days after the commencement of the Open Offer, an offer, sale or transfer of the New Ordinary Shares within the United States by a dealer (whether or not participating in the Open Offer) may violate the registration requirements of the US Securities Act.

No representation has been, or will be, made by the Company or the Joint Bookrunners as to the availability of any exemption under the US Securities Act or any state securities laws for the reoffer, pledge or transfer of the New Ordinary Shares.

The New Ordinary Shares may not be deposited, or caused to be deposited, in any unrestricted depositary receipt facility in the United States.

1.3 *Restrictions on Regulation S offering*

Each purchaser to whom the New Ordinary Shares are distributed, offered or sold outside the United States will (on behalf of themselves and on behalf of each investment account for which they are acting as fiduciary or agent) be deemed by their subscription for or purchase of New Ordinary Shares to have represented, warranted and agreed as follows:

- (i) they are acquiring the New Ordinary Shares in an offshore transaction meeting the requirements of Regulation S;
- (ii) they are aware and acknowledge that the New Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United

States absent registration or an exemption from, or in a transaction not subject to, registration under the US Securities Act;

- (iii) if in the future they decide to offer, sell, transfer, assign or otherwise dispose of the New Ordinary Shares, they will do so only in compliance with an exemption from the registration requirements of the US Securities Act;
- (iv) they are acquiring the New Ordinary Shares for their own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the New Ordinary Shares in any manner that would violate the US Securities Act or any other applicable securities laws;
- (v) they have received, carefully read and understand this document, and have not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the New Ordinary Shares to any persons in the United States, nor will they do any of the foregoing;
- (vi) they are aware and acknowledges that the representations, undertakings and warranties contained in this document are irrevocable. They acknowledge that the Company, the Joint Bookrunners and their respective directors, officers, agents, employees, advisors and others will rely upon the truth and accuracy of the foregoing representations and agreements; and
- (vii) if any of the representations or warranties made or deemed to have been made by its subscription or purchase of the New Ordinary Shares are no longer accurate or have not been complied with, they will immediately notify the Company and the Joint Bookrunners, and if they are acquiring any New Ordinary Shares as a fiduciary or agent for one or more accounts, they have sole investment discretion with respect to each such account and they have full power to make, and do make, such foregoing representations, warranties and agreements on behalf of each such account.

1.4 ***Other overseas territories***

Application Forms will be posted to Qualifying Non-CREST Shareholders (other than those Qualifying Non-CREST Shareholders who have registered addresses in the Restricted Jurisdictions) and Open Offer Entitlements and/or Excess Open Offer Entitlements will be credited to the CREST stock accounts of Qualifying CREST Shareholders (other than those Qualifying CREST Shareholders who have registered addresses in the Restricted Jurisdictions). No offer of or invitation to subscribe for New Ordinary Shares is being made by virtue of this document or the Application Form into the Restricted Jurisdictions. Overseas Shareholders in jurisdictions other than the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, accept their entitlements under the Capital Raising in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Application Form.

Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Open Offer Entitlements and/or Excess Open Offer Entitlements. If you are in any doubt as to your eligibility to accept the offer of New Ordinary Shares, you should contact your appropriate professional adviser immediately.

EEA States (other than the UK)

In relation to EEA States (except for the UK) (each a “**relevant member state**” in this section), no New Ordinary Shares have been offered or will be offered to the public in that relevant member state prior to the publication of a prospectus in relation to the New Ordinary Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Regulation, except that offers of New Ordinary Shares may be made to the public in that relevant member state at any time:

- to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or
- in any other circumstances falling within Articles 1(3), 1(4) or 3(2) of the Prospectus Regulation,

provided that no such offer of New Ordinary Shares shall require the Company or the Joint Bookrunners to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For this purpose, the expression “an offer of any New Ordinary Shares to the public” in relation to any New Ordinary Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and any New Ordinary Shares to be offered so as to enable an investor to decide to acquire any New Ordinary Shares.

2. REPRESENTATIONS AND WARRANTIES RELATING TO OVERSEAS TERRITORIES

2.1 *Qualifying Non-CREST Shareholders*

Any person accepting an Application Form or requesting registration of the New Ordinary Shares comprised therein represents and warrants to the Company that: (i) such person is not accepting an Application Form from within the United States or any other Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for New Ordinary Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within the Restricted Jurisdictions or any territory referred to in (ii) above at the time the instruction to accept or renounce was given, and in particular such person is not accepting for the account or benefit of any person who is located in the United States unless (a) the instruction to accept was received from a person outside the United States and (b) the person giving such instruction has confirmed that it has the authority to give such instruction, and either (x) has investment discretion over such account or (y) is an investment manager or investment company that is acquiring the New Ordinary Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act; and (iv) such person is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any other Restricted Jurisdiction or any territory referred to in (ii) above.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in, or renunciation or purported renunciation of, an Application Form if it: (a) appears to the Company to have been executed in or despatched from the United States or any other Restricted Jurisdiction or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if the Company believes the same may violate any applicable legal or regulatory requirement; (b) provides an address in any Restricted Jurisdiction, including the United States, for delivery of definitive share certificates for New Ordinary Shares (or any jurisdiction outside the UK in which it would be unlawful to deliver such certificates); or (c) purports to exclude the representations and warranties required by this section.

2.2 *Qualifying CREST Shareholders*

A Qualifying CREST Shareholder who makes a valid acceptance in accordance with the procedure set out in section 5 of Part V (*Terms and Conditions of the Capital Raising*) represents and warrants to the Company that: (i) they are not within any of the Restricted Jurisdictions, including the United States; (ii) they are not in any territory in which it is unlawful to make or accept an offer to acquire or subscribe for New Ordinary Shares; (iii) they are not acting on a non-discretionary basis for a person located within the Restricted Jurisdictions or any territory referred to in (ii) above at the time the instruction to accept was given, and in particular such person is not accepting for the account or benefit of any person who is located in the United States unless (a) the instruction to accept was received from a person outside the United States and (b) the person giving such instruction has confirmed that it has the authority to give such instruction, and either (x) has investment discretion over such account or (y) is an investment

manager or investment company that is acquiring the New Ordinary Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act; and (iv) they are not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any other Restricted Jurisdiction or any territory referred to in (ii) above.

The Company may treat as invalid any USE Instruction which: (a) appears to the Company to have been despatched from the United States or any other Restricted Jurisdiction or otherwise in a manner which may involve a breach of the laws of any jurisdiction or which they or their agents believe may violate any applicable legal or regulatory requirement; or (b) purports to exclude the representations and warranties required by this section.

2.3 ***Waiver***

The provisions of sections 1 and 2 of this Part VI (*Overseas Shareholders*) and of any other terms of the Capital Raising relating to Restricted Shareholders may be waived, varied or modified as regards specific Shareholder(s) or on a general basis by the Company at its absolute discretion. Subject to this, the provisions of sections 1 and 2 of this Part VI (*Overseas Shareholders*) supersede any terms of the Capital Raising inconsistent herewith. References in sections 1 and 2 of this Part VI (*Overseas Shareholders*) to Qualifying Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this section 2 of this Part VI (*Overseas Shareholders*) shall apply jointly to each of them.

PART VII

UNITED KINGDOM TAXATION CONSIDERATIONS

1. GENERAL

Investors should note that the tax laws of their own country may affect the tax treatment of their participation in the Firm Placing and Placing and Open Offer; and that the tax laws of their own country and the country in which the Company is incorporated, and the countries in which the Group operates, may affect Shareholders' post-tax income from their Ordinary Shares. A summary of certain UK tax issues is set out below.

If potential investors are in any doubt about the taxation consequences of acquiring, holding or disposing of Ordinary Shares, or are subject to tax in any country other than the UK, they should seek advice from their own professional advisers without delay. Investors should note that tax law and interpretation can change and that, in particular, the level and basis of, and reliefs from, taxation may change and that may alter the benefits of investment.

2. UK Taxation

The following information is intended only as a general guide to current UK tax legislation and to current published practice of Her Majesty's Revenue & Customs ("**HMRC**"), each of which is subject to change at any time (possibly with retrospective effect). The information is not exhaustive.

The following information is intended to apply only to Shareholders who (unless the position of non-UK resident Shareholders is expressly referred to) are resident, and in the case of individuals, domiciled or deemed domiciled, in the UK for UK taxation purposes (and not in any other territory) and to whom split-year treatment does not apply, who hold their Ordinary Shares as investments (and not as securities to be realised in the course of a trade or which constitute carried interest) and who are the direct absolute beneficial owners of their Ordinary Shares and who have not acquired (or been deemed to have acquired) their Ordinary Shares through any ISA or self-invested personal pension or by reason of their or another person's office or employment. The information may not apply to certain classes of Shareholders, such as dealers in securities or Shareholders who are trustees or who hold their Ordinary Shares through any form of investment vehicle.

Certain rates and allowances for 2020/2021 stated in this Part VII (*United Kingdom Taxation Considerations*) are those announced in the UK Budget on 11 March 2020. These measures are expected to be given effect by the Finance Act 2020 in due course but are potentially subject to change.

2.1 Dividends

The Company is not required to withhold tax at source from dividend payments it makes.

Individual Shareholders

Dividends received from the Company by an individual Shareholder will form part of the Shareholder's total income for income tax purposes and will represent the highest part of that income.

A nil rate of income tax will apply to the first £2,000 of dividend income received by an individual Shareholder from all sources in a tax year (the "**Nil Rate Amount**"), regardless of what tax rate would otherwise apply to that dividend income.

Any taxable dividend income received by an individual Shareholder in a tax year in excess of the Nil Rate Amount will be subject to income tax at the following dividend rates for the tax year 2020/2021:

- (i) at the rate of 7.5 per cent., to the extent that the relevant dividend income falls below the threshold for the higher rate of income tax;

- (ii) at the rate of 32.5 per cent., to the extent that the relevant dividend income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- (iii) at the rate of 38.1 per cent., to the extent that the relevant dividend income falls above the threshold for the additional rate of income tax.

In determining whether and, if so, to what extent the relevant dividend income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the shareholder's total taxable dividend income for the tax year in question (including the part within the Nil Rate Amount) will, as noted above, be treated as the highest part of the shareholder's total income for income tax purposes.

Corporate Shareholders within the charge to UK corporation tax

Shareholders within the charge to UK corporation tax that are "small companies" (for the purposes of UK taxation of dividends) will not generally be subject to UK tax on dividends from the Company, provided certain conditions are met, including an anti-avoidance condition.

Other Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. In general: (i) dividends paid on ordinary shares that are non-redeemable shares (within the meaning of Part 9A of the Corporation Tax Act 2009); and (ii) dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or, if there is more than one class of share, the same class of that share capital in respect of which the distribution is made) and who is entitled to less than 10 per cent. of the profits available for distribution to holders of the same class of share and would be entitled to less than 10 per cent. of the assets available for distribution to holders of the same class of shares on a winding-up, are examples of dividends within an exempt class. However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

2.2 UK taxation of chargeable gains arising on sale or other disposal

A disposal of Ordinary Shares by a Shareholder who is resident in the UK for tax purposes may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains depending upon the Shareholder's circumstances and subject to any available exemption or relief.

UK resident individual Shareholders

For an individual Shareholder within the charge to UK capital gains tax, a disposal of Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax.

An individual Shareholder who is resident in the UK for UK tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of their Ordinary Shares, are less than or equal to the upper limit of the income tax basic rate band applicable in respect of that tax year (the "**Band Limit**") will generally be subject to capital gains tax at the flat rate of 10 per cent. (for the tax year 2020/2021) in respect of any gain arising on a disposal or deemed disposal of their Ordinary Shares.

An individual Shareholder who is resident in the UK for UK tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of their Ordinary Shares, are more than the Band Limit will generally be subject to capital gains tax at the flat rate of 10 per cent. (for the tax year 2020/2021), in respect of any gain arising on a disposal or deemed disposal of their Ordinary Shares (to the extent that, when added to the Shareholder's other taxable gains and income in that tax year, the gain is less than or equal to the Band Limit), and at the flat rate of 20 per cent. (for the tax year 2020/2021) in respect of the remainder.

Each individual Shareholder has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £12,300 for the tax year 2020/2021.

Individuals who are temporarily not resident in the UK may, in certain circumstances, be subject to tax in respect of gains realised while they are not resident in the UK.

UK resident corporate Shareholders

For a corporate Shareholder within the charge to UK corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax. The UK corporation tax rate is currently 19 per cent. Regardless of the date of disposal of the Ordinary Shares, indexation allowance will be calculated only up to and including December 2017.

Open Offer

As a matter of UK tax law, the acquisition of New Ordinary Shares pursuant to the Open Offer may not strictly speaking constitute a reorganisation of share capital for the purposes of the UK taxation of chargeable gains. The published practice of HMRC to date has been to treat any subscription of shares by an existing shareholder which is equal to or less than the shareholder's minimum entitlement pursuant to the terms of an open offer as a reorganisation, but it is not certain that HMRC will apply this practice in circumstances where an open offer is not made to all shareholders. HMRC's treatment of the Open Offer cannot therefore be guaranteed and specific confirmation has not been requested in relation to the Open Offer.

To the extent that the acquisition of the New Ordinary Shares is regarded as a reorganisation of the Company's share capital for the purposes of the UK taxation of chargeable gains, a Qualifying Shareholder should not be treated as making a disposal of any part of that Qualifying Shareholder's Existing Ordinary Shares by reason of taking up all or part of their Open Offer Entitlements. The New Ordinary Shares issued to a Qualifying Shareholder will be treated as the same asset as, and having been acquired at the same time as, the Qualifying Shareholder's Existing Ordinary Shares. The amount of subscription monies paid for the New Ordinary Shares will be added to the base cost of the Qualifying Shareholder's Existing Ordinary Shares.

To the extent that a Qualifying Shareholder takes up New Ordinary Shares in excess of their Open Offer Entitlements, pursuant to the Excess Application Facility, this will not constitute a reorganisation and the treatment described below will apply to such shares.

If, or to the extent that, the acquisition of New Ordinary Shares under the Open Offer is not regarded as a reorganisation of the Company's share capital, the New Ordinary Shares acquired by each Qualifying Shareholder under the Open Offer will, for the purposes of the UK taxation of chargeable gains, be treated as a separate acquisition of Ordinary Shares and the price paid for those New Ordinary Shares will constitute their base cost. For both corporate and individual shareholders, the New Ordinary Shares should be pooled with the shareholder's Existing Ordinary Shares and the share identification rules will apply on a future disposal.

Firm Placing

The issue of Firm Placing Shares to Firm Placees pursuant to the Firm Placing will not be regarded as a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains. Accordingly such an acquisition of New Ordinary Shares will instead be treated as a separate acquisition of shares.

Placing

Similarly, the issue of New Ordinary Shares to Conditional Placees pursuant to the Placing will not constitute a reorganisation of the Company's share capital for the purposes of the UK taxation of chargeable gains and, accordingly, any acquisition of New Ordinary Shares by a Conditional Placee pursuant to the Placing will be treated as a separate acquisition of Ordinary Shares.

2.3 Stamp duty and SDRT

The following statements are intended as a general guide to the current UK stamp duty and Stamp Duty Reserve Tax ("**SDRT**") position for holders of New Ordinary Shares. Certain categories of person, including intermediaries, brokers, dealers and persons connected with clearance services and depositary receipt systems, may not be liable to stamp duty or SDRT or

may be liable at a higher rate. Furthermore, such persons may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

The comments in this section relating to stamp duty and SDRT apply whether or not a Shareholder is resident in the UK.

Issue of New Ordinary Shares

No stamp duty or SDRT is ordinarily payable on the New Ordinary Shares to be issued by the Company. Similarly, where New Ordinary Shares are credited in uncertificated form to an account in CREST, no liability to stamp duty or SDRT will generally arise.

Following the decision of the European Court of Justice in *HSBC Holdings and Vidacos Nominees* (Case 569/07) and the First-tier Tax Tribunal decision in *HSBC Holdings and The Bank of New York Mellon*, HMRC has confirmed that it will no longer seek to impose SDRT when new shares are issued into a clearance service or depositary receipt service.

Subsequent transfers

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply), any subsequent dealings in New Ordinary Shares will be subject to stamp duty or SDRT in the normal way. Subject to any applicable exemptions, including an exemption for certain low value transactions, the transfer on sale of New Ordinary Shares effected outside CREST will generally be liable to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration payable (rounded up to the nearest multiple of £5) or, if an unconditional agreement to transfer the New Ordinary Shares is not completed by a duly stamped transfer within 6 years of the date of the agreement becoming unconditional, or where the transfer is effected in CREST, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable. Stamp duty and SDRT are normally payable by the purchaser.

In cases where the New Ordinary Shares are transferred to a connected company of a Shareholder (or its nominee), stamp duty or SDRT is chargeable on the higher of (i) the amount or value of the consideration or (ii) the market value of the New Ordinary Shares.

Where New Ordinary Shares are transferred: (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services; or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the New Ordinary Shares. There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer of shares in De La Rue into such a service and on subsequent agreements to transfer such shares within such service.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system.

PART VIII

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Directors, whose names appear in section 7 of this Part VIII (*Additional Information*) of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

2. THE COMPANY

The Company was incorporated and registered in England and Wales on 31 August 1999 as a private limited company under the name PreciS (1809) Limited with company number 03834125. On 25 November 1999, the Company changed its name from PreciS (1809) Limited to New De La Rue Limited and subsequently reregistered as a public limited company on 30 November 1999. On 1 February 2000, the Company changed its name from New De La Rue plc to De La Rue plc.

The Company's registered office and principal place of business is at De La Rue House, Jays Close, Viabes, Basingstoke, Hampshire, RG22 4BS, its telephone number is +44(0)1256605000 and its website is www.delarue.com (please note that, without limitation, the contents of the Group's website do not form part of this document (including the contents of any websites accessible from the hyperlinks of such website), other than the information set out in Part IX (*Information Incorporated by Reference*)).

The principal legislation under which the Company operates, and pursuant to which the New Ordinary Shares will be created, is the Companies Act 2006 and regulations thereunder (the "**Companies Acts**").

The Company's legal entity identifier is 213800DH741LZWJXP78.

3. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the share capital of the Company was £47,779,117.70, comprised of 103,997,862 Ordinary Shares and 111,673,300 Deferred Shares, all of which were fully paid or credited as fully paid.

The Existing Ordinary Shares are listed on the premium listing segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities. The ISIN of the Existing Ordinary Shares is GB00B3DGH821.

The Deferred Shares carry limited economic rights and no voting rights and are not transferable except in limited circumstances pursuant to the Articles of Association.

4. RESOLUTIONS, AUTHORISATIONS AND APPROVALS RELATING TO THE FIRM PLACING AND PLACING AND OPEN OFFER

At the General Meeting, Shareholders will be asked to consider and vote on the Resolutions, further details of which are set out in section 10 of Part I (*Letter from the Chairman of the Company*) of this document.

5. RIGHTS ATTACHED TO THE NEW ORDINARY SHARES

The Articles of Association are available for inspection at the address specified in section 20 of this Part VIII (*Additional Information*).

The Articles of Association contain provisions, amongst others, to the following effect:

5.1 *Share rights*

Subject to other Shareholders' rights, shares may be issued with such rights or restrictions as the Company may by ordinary resolution determine or (if there is no such resolution or so far as it

does not make specific provision) as the Company's board of directors may determine. Redeemable shares may be issued.

There is no right of conversion or redemption attached to the New Ordinary Shares.

The New Ordinary Shares will be in registered form and are capable of being held in uncertificated form.

5.2 **Dividend rights**

Subject to applicable law, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the Shareholders, but no dividend shall exceed the amount recommended by the Company's board of directors.

All New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends and other distributions made, paid or declared after the date of issue of the New Ordinary Shares.

The directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

Except as otherwise provided by the Articles or the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. If any share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case, dividends shall be apportioned and paid proportionately to the amounts paid up. No account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

Unless the rights attached to any shares, or the terms of any shares, say otherwise, no dividend or other monies payable on or in respect of a share shall bear interest as against the Company.

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, unless the Company's board of directors resolve otherwise, be forfeited and cease to remain owing by the Company.

5.3 **Voting rights**

Every Shareholder who (being an individual) is present in person or every corporate representative present who has been duly authorised by a corporation shall have one vote and on a poll every Shareholder present in person or by representative or proxy shall have one vote for every New Ordinary Share in the capital of the Company held by them.

In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members.

5.4 **Restrictions**

No Shareholder shall have the right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by them unless all amounts presently payable by them in respect of that share have been paid.

5.5 **Pre-emption rights**

There are no pre-emption rights under the Articles in respect of transfers of Ordinary Shares. In certain circumstances, Shareholders may have statutory pre-emption rights as provided for by the Companies Acts (save to the extent not previously disapplied by Shareholders). These statutory pre-emption rights would require the Company to offer new shares for allotment for cash to existing Shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to Shareholders of the Company.

5.6 **Capitalisation of reserves or profits**

The Company's board of directors may with the authority of an ordinary resolution of the Company capitalise any profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company (including any share premium account, capital redemption reserve, merger reserve or revaluation reserve). The directors will appropriate the capitalised sum to the holders of Ordinary Shares in the same proportion as their entitlement to dividends.

5.7 **Return of capital**

On a return of capital on a winding-up (excluding any intra-group re-organisation on a solvent basis) the holders of Ordinary Shares shall be paid the nominal capital paid up or credited as paid up on such Ordinary Shares, together with the sum of £100 million on each Ordinary Share, before the holders of Deferred Shares are paid any of the nominal capital paid up or credited as paid up on the Deferred Shares.

The holders of the Deferred Shares shall not be entitled to any further right of participation in the assets of the Company.

6. **MAJOR SHAREHOLDERS**

- 6.1 As at the Latest Practicable Date, the Company had been notified in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules of the following interests in its Ordinary Shares:

	Number of Ordinary Shares ⁽¹⁾	% of voting rights ⁽²⁾
Crystal Amber Fund Limited	19,900,000	19.14
Brandes Investment Partners, L.P.	12,320,352	11.84
Schroders plc	6,061,026	5.83
Aberforth Partners LLP	5,228,657	5.11
Neptune Investment Management Limited	5,175,217	4.98
Royal London Asset Management Limited	5,167,312	4.98
Majedie Asset Management Limited	5,125,892	4.93

(1) Includes ordinary shares held pursuant to American Depositary Receipts, where relevant.

(2) Includes voting rights attributable to ordinary shares held pursuant to American Depositary Receipts, where relevant.

- 6.2 Save as disclosed in this section 6, the Company is not aware of any person who, as at the Latest Practicable Date, directly or indirectly, has a holding which is notifiable under English law.
- 6.3 None of the Company's Shareholders referred to in section 6.1 have any different voting rights from any other Shareholder.
- 6.4 As at the Latest Practicable Date, the Company was not aware of any persons who, directly or indirectly, jointly or severally, will exercise or could exercise control over the Company.
- 6.5 As at the Latest Practicable Date, the Company was not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- 6.6 No person involved in the Capital Raising has an interest which is material to the Capital Raising.
- 6.7 Clive Vacher is required to build up a shareholding in the Company equivalent to one times salary and for the purposes of achieving the requisite shareholding Clive Vacher has agreed to retain 100 per cent. of his vested post-tax deferred bonus shares, restricted shares and performance shares until the requirement is met in full.

7. DIRECTORS

The Directors and their principal functions within the Company, together with a brief description of their management experience and expertise and principal business activities outside the Company, are set out below. The business address of each of the Directors (in such capacity) is De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS.

Name	Position
Kevin Loosemore	Chairman
Clive Vacher	Chief Executive Officer
Sabri Challah	Senior Independent Director
Maria da Cunha	Independent Non-Executive Director
Nick Bray	Independent Non-Executive Director

Kevin Loosemore (Chairman)

Kevin was appointed to the Board on 2 September 2019 and became Chairman on 1 October 2019.

Kevin has served on the boards of a broad spectrum of businesses, including as Chairman of Morse plc and Micro Focus International plc, and as a Non-Executive Director of Big Food Group plc, Iris Software Group Limited and Nationwide Building Society. He has also held senior executive positions, including as Chief Operating Officer of Cable & Wireless plc and senior positions at Motorola and IBM. He was Managing Director of one of the Company's businesses between 1997 and 1999.

Kevin is currently chairman of the Company's Ethics Committee and the Nomination Committee.

Clive Vacher (Chief Executive Officer)

Clive was appointed to the Board on 7 October 2019.

Clive has more than sixteen years' experience running complex P&Ls for global industrial companies in the commercial and government/defence sectors. He has significant experience of international business transformation and operational performance improvement. Clive was previously Chief Executive Officer and President of Dynex Power Inc., a Canadian publicly listed company, where he led the privatisation sale of the company in March 2019. Clive was a Director and Chief Executive Officer of Dynex Semiconductor Limited until 5 April 2019. Previously, Clive held senior positions with Pratt and Whitney, Rolls-Royce, General Dynamics Corporation and B/E Aerospace Inc.

Clive currently sits on the Advisory Board of the Lincoln International Business School at the University of Lincoln. Clive also sits on the Company's Nomination and Risk Committees.

Sabri Challah (Senior Independent Director)

Sabri was appointed to the Board on 23 July 2015.

Sabri was a partner at Deloitte from 1991 to 2013. Sabri served as a member of both the Deloitte UK Board, where he acted as Chairman of the Remuneration Committee, and the Deloitte Global Board, where he was Chairman of the Succession Planning Committee. Sabri also previously held the position of Chairman of Igneus UK Limited and deputy Chairman of CogitalGroup Limited. Sabri has significant and wide-ranging experience in organisational design, change management, strategy, and corporate development.

Sabri's current directorships and business interests include, being an advisor to Robert Kime Limited and a senior adviser to Actis. Sabri sits on the Company's Audit, Ethics and Nomination Committees.

As announced today, Sabri has informed the Board of his intention to step down as a Director due to his other commitments. Sabri will remain on the Board until such time as a successor Independent Non-Executive Director has been appointed but in any event until no later than the date of the Company's forthcoming annual general meeting. Until then, he will continue as the Senior Independent Director but accordingly will not be standing for re-election at the Company's forthcoming annual general meeting.

Maria da Cunha (Independent Non-Executive Director)

Maria was appointed to the Board on 23 July 2015.

Maria has spent her career in a range of legal roles as a solicitor and in-house at Lloyds of London and from 2000 to 2018, with British Airways where she was director of People and Legal and a member of the Executive Board. She was also a trustee of Community Integrated Care from 2016 to 2019. Maria is experienced at working with international regulators and governments and has a deep understanding of operational risk, including cyber security, data and mobile risk. She also has significant geo-political, multi-channel distribution, acquisition and post-merger integration experience.

Maria's current directorships and business interests include being a Non-Executive Director at Royal Mail plc and a panel member at the Competition and Markets Authority. Maria is also a member of the Company's Audit, Ethics and Nomination Committees and chairs the Remuneration Committee.

Nick Bray (Independent Non-Executive Director)

Nick was appointed to the Board on 21 July 2016.

Nick has extensive international experience in the technology and information security industries and until 2019 had served as Chief Financial Officer of security software firm, Sophos Group. Before joining Sophos, Nick was Chief Financial Officer at Micro Focus International plc, Fibernet Group plc, and Gentia Software plc. Prior to that, he held various senior financial positions at Comshare Inc. and Lotus Software. Nick is currently the CFO of Travelport, a global distribution company for the travel and tourism industry.

Nick also sits on the Company's Ethics, Nomination and Remuneration Committees, and is the Chairman of the Audit Committee.

8. SENIOR MANAGERS

The senior managers of the Company, in addition to the Company's Chief Executive Officer, are as follows:

Name	Position
Rob Harding	Interim Chief Financial Officer
Jane Hyde	General Counsel and Company Secretary
Andrew Clint	Managing Director, Authentication Division
Ruth Euling	Managing Director, Currency Division
Natasha Bishop	Group HR Director

9. DIRECTORSHIPS AND PARTNERSHIPS OUTSIDE OF THE GROUP

The details of those companies and partnerships outside the Group of which the Directors and Senior Managers are currently directors or partners, or have been directors or partners at any time during the five (5) years prior to the publication of this document, are as follows:

Name	Current directorships/ partnerships	Previous directorships/ partnerships
Directors		
Kevin Loosemore	None	Micro Focus International plc Micro Focus Group Limited
Clive Vacher	None	Dynex Power Inc. Dynex Semiconductor Limited
Sabri Challah	None	CogitalGroup Limited The Contemporary Art Society Robert Kime Design Limited Robert Kime Limited S. Challah Limited

Name	Current directorships/ partnerships	Previous directorships/ partnerships
Maria da Cunha	Royal Mail plc	Community Integrated Care
Nicholas Bray	Travelport Global Limited Travelport Group Investments Limited Travelport Holdings (UK) Limited Travelport International Limited Travelport International Operations Limited Travelport Operations Limited Travelport Travel Commerce Platform Limited	Shield 1 Limited Shield 1A Limited Shield Holdco Ltd Shield Midco Limited Sophos Overseas Limited Sophos Limited Sophos Nominees Limited Sophos Holdings Limited Sophos Treasury Limited Sophos Group Limited
Senior Managers		
Rob Harding	XEF Limited Eastfield Farm Management Company Limited	Le Mans Holdings Limited Swinton Properties Limited EIBL Limited Rockford Insurance Brokers Limited Walmsleys Insurance Brokers Limited Its4Me Limited Rockford Group Limited Swinton Group Limited AndInsure Limited EIBL Management Limited Colonnade Insurance Brokers Swinton (Holdings) Limited Fairfield Insurance Services Limited
Jane Hyde	None	Hikma (Maple) Limited Hikma Acquisitions (UK) Limited Hikma Holdings (UK) Limited Hikma UK Limited Hikma Pharma Limited Hikma Pharmaceuticals International Limited West-Ward Holdings Limited Hikma Farmaceutica (Portugal) S.A Hikma Pharma Benelux BV Hikma Pharma GmbH Thymoorgan GmbH Thymoorgan Pharmazie GmbH
Andrew Clint	None	None
Ruth Euling	The International Currency Association Limited	None
Natasha Bishop	None	None

10. DIRECTOR AND SENIOR MANAGER CONFIRMATIONS

10.1 As at the date of this document, no Director or Senior Manager has during the last five (5) years:

- (i) had any convictions in relation to fraudulent offences;
- (ii) been associated with any bankruptcy, receivership, liquidation or companies put into administration while acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager of any company;
- (iii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body); or
- (iv) ever been disqualified by a court from acting as a director or other officer of any company or from acting in the management or conduct of the affairs of any company.

10.2 No Director or Senior Manager was selected to act in such capacity pursuant to any arrangement or understanding with any major Shareholder, consumer, supplier or any other person having a business connection with the Group.

10.3 There are no family relationships between any of the Directors and/or the Senior Managers.

10.4 There are no outstanding loans or guarantees granted or provided by any member of the Group for the benefit of any of the Directors or Senior Managers.

11. CONFLICTS OF INTEREST

Save for being persons legally and beneficially interested in Ordinary Shares, or participants in the UK Pension Scheme, there are:

- (i) no actual or potential conflicts of interest between the duties owed by the Directors or the Senior Managers to the Company and their private interests and/or other duties that they may also have; and
- (ii) no arrangements or understandings with major Shareholders, customers, suppliers or others, pursuant to which any Director or Senior Manager was selected as a member of any administrative, management or supervisory body or as a Senior Manager.

Each of the Directors has a statutory duty under the Companies Act to avoid conflicts of interests with the Company and to disclose the nature and extent of any such interest to the Company's board of directors. Under the Articles and, as permitted by the Companies Act, the Company's board of directors may authorise any matter which would otherwise involve a director breaching this duty to avoid conflicts of interest and may attach to any such authorisation such conditions and/or restrictions as the Company's board of directors deems appropriate (including in respect of the receipt of information or restrictions on participation at certain board meetings), in accordance with the Articles.

12. RELATED PARTY TRANSACTIONS

No member of the Group entered into any Related Party Transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) No 1606/2002) between 28 March 2020 and the date of this document.

13. MATERIAL CONTRACTS

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

13.1 **Placing Agreement**

On the date of this document, the Company, Rothschild & Co and the Joint Bookrunners entered into the Placing Agreement pursuant to which: (i) Rothschild & Co was appointed to act as the sole sponsor to the Company in connection with the applications for Admission; and (ii) the Joint Bookrunners were appointed to act as bookrunners and underwriters to the Company in connection with the Capital Raising. The Joint Bookrunners have agreed severally, subject to certain conditions, to use reasonable endeavours to procure placees for the New Ordinary Shares at the Offer Price (to the extent not already procured prior to the date of Placing Agreement). To the extent that any Placee procured by the Joint Bookrunners fails to subscribe for any or all of the Firm Placing Shares and/or Placing Shares which have been allocated to it, subject to certain conditions, each of the Joint Bookrunners shall severally subscribe themselves for the Firm Placing Shares and/or the Placing Shares at the Offer Price.

In consideration of their services under the Placing Agreement, and subject to their obligations under the Placing Agreement having become unconditional and the Placing Agreement not being terminated, the Company has agreed to pay to the Joint Bookrunners: (i) an aggregate commission of 2.25 per cent. of the amount equal to the product of the Offer Price and the number of New Ordinary Shares; and (ii) a discretionary commission of up to 0.5 per cent. of the amount equal to the product of the Offer Price and the number of New Ordinary Shares, payable to any Joint Bookrunner in such amount as the Company may determine in its absolute discretion. In addition, part of the commission payable to the Placees by the Joint Bookrunners shall, in certain circumstances, be borne in part by the Company.

The Company has given certain customary undertakings, representations and warranties to the Joint Bookrunners and Rothschild & Co, in relation to the issue and/or sale of Ordinary Shares, including a 180 day lock-up on issues of new shares from the date of Admission (subject to certain customary exceptions), and in relation to other matters relating to the Group and its business. In addition, the Company has given customary indemnities to the Joint Bookrunners and Rothschild & Co and certain indemnified persons connected with each of them.

The obligations of the Joint Bookrunners under the Placing Agreement in relation to the Capital Raising are subject to certain customary conditions including, amongst others, no material breach of warranty contained in the Placing Agreement and Admission becoming effective by 8:00 a.m. on 7 July 2020 or such later time and/or date (being not later than 8:00 a.m. on 31 July 2020) as the Company and the Joint Bookrunners may agree.

If any of the conditions to the Placing Agreement are not satisfied (or waived by the Joint Bookrunners) or have become incapable of being satisfied by the required time and/or date, each of the Joint Bookrunners may terminate the Placing Agreement, but only prior to Admission. In addition, the Joint Bookrunners may, prior to Admission, terminate the Placing Agreement in certain other circumstances, including for where there has been a material adverse change between the date of the Placing Agreement and Admission and the occurrence of certain other matters or force majeure-style events which would make it impracticable or inadvisable (in the good faith judgement of a Joint Bookrunner) to market the New Ordinary Shares or otherwise proceed with the Capital Raising.

13.2 **Subscription and Transfer Agreement and Option Agreement**

In connection with the Capital Raising, the Company, Investec and JerseyCo have entered into several agreements, each dated the date of this document, in relation to the subscription and transfer of ordinary shares and redeemable preference shares in JerseyCo.

Under the terms of these agreements:

- (i) the Company and Investec will acquire ordinary shares in JerseyCo and enter into certain put and call options in respect of the ordinary shares in JerseyCo subscribed for by Investec that are exercisable if the Capital Raising does not proceed;
- (ii) Investec will apply monies received under the Capital Raising, and held by Investec until Admission, to subscribe for redeemable preference shares in JerseyCo to an aggregate value equal to such monies, after deduction of the amount of certain commissions and expenses; and

- (iii) the Company will allot and issue the New Ordinary Shares to those persons entitled thereto in consideration of Investec transferring its holding of redeemable preference shares and ordinary shares in JerseyCo to the Company.

Accordingly, instead of receiving cash as consideration for the issue of New Ordinary Shares, at the conclusion of the Capital Raising the Company will own the entire issued share capital of JerseyCo whose only asset will be its cash reserves, which will represent an amount approximately equal to the net proceeds of the Capital Raising.

Placees and Qualifying Shareholders are not party to these arrangements and so will not acquire any direct right against Investec pursuant to these arrangements. The Company will be responsible for enforcing the obligations of Investec and JerseyCo thereunder.

13.3 **Revolving Facility Agreement**

On 12 June 2012, (1) De La Rue Holdings Limited, (2) the Company as the Parent, (3) De La Rue Holdings Limited, the Company and certain other members of the Group as the Borrowers, (4) De La Rue Holdings Limited, the Company and certain other members of the Group as the Guarantors, (5) Barclays Bank PLC, HSBC Bank Plc, Lloyds Bank Plc, Abbey National Treasury Services PLC and The Royal Bank of Scotland Plc as the Arrangers and the original Lenders, and (6) Barclays Bank PLC as the Agent, entered into a £250 million unsecured revolving facility agreement (as amended and restated on 19 March 2015 and as amended and extended from time to time) (the “**Revolving Facility Agreement**”).

In accordance with the terms of the Revolving Facility Agreement, the Company elected to extend the maturity date from 1 December 2019 to 1 December 2021. The Revolving Facility Agreement has subsequently been amended to increase the total commitments of the facility to £275 million as The Governor and Company of the Bank of Ireland acceded as a new Lender. The current Lenders under the Revolving Facility Agreement are (1) Barclays Bank PLC, (2) HSBC Bank Plc, (3) Lloyds Bank Plc, (4) Santander UK Plc, (5) The Governor and Company of the Bank Of Ireland, and (6) The Royal Bank of Scotland Plc.

As at the Latest Practicable Date, an aggregate amount of £153.5 million had been drawn as loans under the facility. No letters of credit had been issued.

Financial covenants

The Company must ensure that:

- (i) the ratio of EBIT to Net Interest Payable is not less than 4.0 to 1; and
- (ii) the ratio of Consolidated Net Debt to EBITDA is not more than 3.0 to 1.

The financial covenants are tested at the date as at which the Group's financial statements (full year and half yearly) are drawn up and computations as to compliance are included in the compliance certificates to be delivered within 90 days of the end of the Relevant Period. The Company was in compliance with the financial covenants on the last testing date of 28 March 2020. The next testing date will be on 26 September 2020.

Fee structure

Ratio (Consolidated Net Debt to EBITDA)	Margin (LIBOR/EURIBOR +)
Greater than 2.5	2.20 per cent.
Greater than 2.0 and less than or equal to 2.5	1.90 per cent.
Greater than 1.5 and less than or equal to 2.0	1.70 per cent.
Greater than 1.0 and less than or equal to 1.5	1.50 per cent.
Equal to or less than 1.0	1.30 per cent.

Letters of credit

The Revolving Facility Agreement allows for up to £100 million of the facility to be utilised by way of letters of credit. The quantum of letters of credit made available as part of the Revolving Facility Agreement is fully committed.

Guarantor Coverage Ratio

The Company must ensure that at all times, the aggregate of the: (i) operating profit before interest, tax, depreciation and amortisation; and (ii) total gross assets of the Guarantors is not less than 75 per cent. of the consolidated EBITDA and the consolidated gross assets of the Group. The ratio is tested semi-annually (although must be complied with at all times). There is no breach of this covenant if a member of the Group is required to accede to the Revolving Facility Agreement as an additional guarantor and does so within 60 days of delivery of the relevant financial statements.

Restrictions on disposals

The Revolving Facility Agreement contains a restriction on disposals by members of the Group subject to certain exceptions. The exceptions include, but are not limited to, disposals: (i) made in the ordinary course of trading; (ii) of assets not required for the on-going operation of the Group's business made on bona fide arm's length terms for full market value; and (iii) where the higher of the market value or the consideration (when aggregated with other disposals not otherwise permitted by the Revolving Facility Agreement) does not exceed £90 million (or its equivalent) in any financial year of the Company or £140 million (or its equivalent) over the life of the facility. As at the Latest Practicable Date, the Group had used over the life of the facility so far in aggregate less than £120 million of the exception set out in (iii) above.

Material Adverse Effect

The events of default under the Revolving Facility Agreement include, but are not limited to, a material adverse change. This event of default will be triggered by a "Material Adverse Effect" existing or being reasonably likely to occur, where "Material Adverse Effect" is defined as a material adverse effect on, or material adverse change in (subject to certain legal reservations set out in the Revolving Facility Agreement): (i) the business, operations or financial condition of the consolidated Group taken as a whole; (ii) the ability of the obligors (taken as a whole) to perform and comply with their payment obligations under the finance documents or the financial covenants under the Revolving Facility Agreement; (iii) the validity, legality or enforceability of the finance documents; and (iv) the rights or remedies of the Lenders in respect of any finance document.

13.4 Revolving Facility Agreement Amendment

The Group has entered into an amendment and restated agreement dated 17 June 2020 in respect of the Revolving Facility Agreement (the "**Revolving Facility Agreement Amendment**"). The Revolving Facility Agreement Amendment has a number of conditions which must be satisfied prior to the amendments to the Revolving Facility Agreement becoming effective, including proceeds of an equity raise in the gross amount of at least £100,000,000 being received by the Company by no later than 31 July 2020 (the "**Equity Raise Condition**") and the Agent receiving a copy of: (i) the fully executed underwriting agreement in respect of the equity raise; and (ii) the Company's agreement with the trustees of the UK Pension Scheme in relation to cash deficit contributions. It is expected that the Equity Raise Condition will be fulfilled, and therefore that the amendments to the Revolving Facility Agreement will become effective, on or around Admission. Once effective, the Revolving Facility Agreement Amendment will make a number of amendments to the Revolving Facility Agreement including:

- (A) an extension of the maturity date to 1 December 2023;
- (B) an amendment to the financial covenants pursuant to which the Company must ensure that:
 - the ratio of EBIT to Net Interest Payable in FY 20/21 will not be less than 2.4 to 1;
 - the ratio of EBIT to Net Interest Payable in FY 21/22 will not be less than 2.8 to 1; and
 - the ratio of EBIT to Net Interest Payable from the start of FY 22/23 until maturity will not be less than 3.0 to 1; and

(C) the following amendments to the margin:

Ratio (Consolidated Net Debt to EBITDA)	Margin (LIBOR/EURIBOR +)
Greater than 2.5	3.70 per cent.
Greater than 2.0 and less than or equal to 2.5	3.40 per cent.
Greater than 1.5 and less than or equal to 2.0	3.20 per cent.
Greater than 1.0 and less than or equal to 1.5	3.00 per cent.
Equal to or less than 1.0	2.80 per cent.

In addition, pursuant to the Revolving Facility Agreement Amendment, the Uncommitted Bonding Facility Agreements (as defined below) provided by the Lenders shall be cancelled as soon as reasonably practicable after the amendments to the Revolving Facility Agreement become effective and the Group shall instead utilise the committed letter of credit line in the Revolving Facility Agreement (as amended by the Revolving Facility Agreement Amendment).

In the event that the Equity Raise Condition is not satisfied, the Company has 45 days to agree an alternative financing plan with the Lenders (or a longer period agreed between the Company and the Lenders) (the “**Alternative Plan Period**”) and in the absence of such agreement, an immediate event of default will arise under the Revolving Facility Agreement. During the Alternative Plan Period, utilisations under the Revolving Facility Agreement will be restricted subject to certain conditions.

Pursuant to the Revolving Facility Agreement Amendment, the Company is restricted from making any cash (or other) payments to Shareholders (including, but not limited to, dividends, special dividends, bonus issues, share buy-backs or other form of capital reduction) within 18 months of the date on which the amendments to the Revolving Facility Agreement become effective. Following that period, the Company may only make such cash (or other payments) to Shareholders if a default under the Revolving Facility Agreement (as amended by the Revolving Facility Agreement Amendment) is not continuing or would result from the making of such payment.

13.5 **Uncommitted Bonding Facilities**

The Group has in place bilateral bonding facility agreements with (1) HSBC UK Bank plc, (2) Lloyds Bank plc, (3) The Governor and Company of the Bank of Ireland, (4) Barclays Bank PLC, (5) The Royal Bank of Scotland plc, (6) Santander UK plc, and (7) ABC International Bank plc pursuant to which certain bonding and other facilities (including, but not limited to, guarantees, letters of credit and performance bonds) are provided on an uncommitted basis to the relevant borrowers (the “**Uncommitted Bonding Facility Agreements**”). As at the Latest Practicable Date, an aggregate amount of £84,458,889 of bonds were in issue pursuant to the Uncommitted Bonding Facility Agreements.

Under the terms of certain of the Uncommitted Bonding Facility Agreements, the relevant Lender has the right to demand at its sole discretion at any time that the relevant borrowers deposit or maintain an amount of cash, over which security is granted, with the Lender in respect of the liabilities (whether present or future, actual or contingent) under the Uncommitted Bonding Facility Agreement (“**Cash Collateral**”). Under the terms of certain other of the Uncommitted Bonding Facility Agreements, Cash Collateral may be demanded upon the occurrence of an event of default (as defined in the respective Uncommitted Bonding Facility Agreement) or upon termination of the Uncommitted Bonding Facility Agreement.

In addition, De La Rue Kenya Epz Limited is the sole borrower under an uncommitted bonding and overdraft facility provided by Absa Bank Kenya plc for an aggregate available amount equivalent to £3.1 million. As at the Latest Practicable Date, an aggregate amount equivalent to £2.4 million had been drawn under the facility.

13.6 **Paper Transaction Agreement**

On 1 February 2018, De La Rue International Limited and WhickerCo Limited (a company owned by Epiris Fund II) entered into a transaction agreement, pursuant to which De La Rue International Limited agreed to sell and Epiris Fund II agreed to purchase the entire issued share capital of Portals De La Rue Limited for consideration equal to approximately £61 million, subject to customary adjustments in respect of working capital matters (the “**Paper Transaction Agreement**”). Following completion, De La Rue International Limited subscribed for a 10 per cent. equity interest in a purchaser group holding company to retain a 10 per cent. indirect interest in Portals De La Rue Limited.

Under the terms of the Paper Transaction Agreement, De La Rue International Limited provided an undertaking that, subject to certain exceptions (including exceptions which permit: (i) the manufacture, development, supply, sale and commercialisation of polymer substrate and any alternative substrate not containing a paper element and security features for inclusion in banknotes and security documentation (whatever the form of such notes or documentation); and (ii) the doing of any act or thing permitted under the Paper Supply Agreement (summarised at section 13.8 below)), from 30 March 2018 until 30 March 2021, each member of the Group (and each other person that De La Rue International Limited controls) will not, without the prior written consent of WhickerCo Limited, be engaged or interested (directly or indirectly) in carrying on a business that directly competes with the business of developing, manufacturing, supplying, selling and commercialising banknote paper and security paper.

13.7 **Paper Business Purchase Agreement**

On 1 February 2018, De La Rue International Limited and Portals De La Rue Limited entered into a business purchase agreement (the “**Paper Business Purchase Agreement**”). Under the terms of the Paper Business Purchase Agreement, De La Rue International Limited agreed to sell (or, in the case of Paper Business assets which were owned or held by another member of the Group, procure the sale of), and Portals De La Rue Limited agreed to purchase, the Paper Business assets.

In addition to certain customary cross-indemnities provided by De La Rue International Limited and Portals De La Rue Limited for the purposes of ensuring that liabilities and obligations arising or incurred, or falling due for performance, after completion of the Paper Business Purchase Agreement are assumed by Portals De La Rue Limited (and, correspondingly, that liabilities and obligations arising or incurred, or falling due for performance, before completion are retained by De La Rue International Limited), under the Paper Business Purchase Agreement, the parties thereto agreed a detailed regime for the allocation between them of obligations and liabilities in respect of certain environmental and health and safety (“**EHS**”) matters (including contamination at or migrating from the Paper Business properties sold to Portals De La Rue Limited) (the “**EHS Matters**”). Under the Paper Business Purchase Agreement:

- (i) subject to the terms of the counter-indemnity summarised at paragraph (ii) below, Portals De La Rue Limited agreed to indemnify De La Rue International Limited (and each member of the Group) against all losses suffered or incurred by any member of the Group as a result of all obligations and liabilities of any kind or nature, and whenever arising, that relate to or arise out of: (x) the Paper Business properties and/or Paper Business assets sold to Portals De La Rue Limited; (y) the present or former operation or activities of the Paper Business at the Paper Business properties; and/or (z) predecessor businesses to the Paper Business at the Paper Business properties (the “**EHS Liabilities**”) to the extent that they directly result from an EHS Matter (other than contamination) that occurs or arises after 29 March 2018. In respect of contamination matters, subject to the terms of the counter-indemnity summarised at paragraph (ii) below, Portals De La Rue Limited agreed to indemnify De La Rue International Limited (and each member of the Group) against any losses suffered or incurred by any member of the Group as a result of any contamination, but excluding losses which arise from the exposure of persons to contamination prior to 29 March 2018; and
- (ii) De La Rue International Limited provided a capped counter-indemnity in relation to certain prescribed categories of loss (including fines, damages and other liabilities, as well as costs of mandatory remediation works, as a consequence of environmental proceedings

brought under EHS laws) suffered by any member of Portals De La Rue Limited's group in relation to certain specified EHS issues (including EHS Liabilities that arise as the direct result of the conduct of the Paper Business prior to 29 March 2018 and contamination existing at the Paper Business properties prior to 29 March 2018). The counter-indemnity is capped at £20 million, with the cap reducing by 10 per cent. per year on a straight line basis between 29 March 2018 to 29 March 2028. The time limit for bringing claims under the counter-indemnity is set at 29 March 2028.

13.8 **Paper Supply Agreement**

On 29 March 2018, De La Rue International Limited and Portals De La Rue Limited, entered into a relationship agreement pursuant to which Portals De La Rue Limited shall supply certain paper product(s) to De La Rue International Limited, and De La Rue International Limited shall supply certain security features to Portals De La Rue Limited (the "**Paper Supply Agreement**"). The Paper Supply Agreement was entered into on the completion date of the Paper Transaction Agreement.

Supply of paper product(s)

Prior to 29 March 2028, subject to the terms of the Paper Supply Agreement, De La Rue International Limited shall submit confirmed orders to Portals De La Rue Limited for a volume of paper product(s) which is at least equal, in aggregate, to a specified annual minimum volume. In addition to the requirement to provide the specified annual minimum volume, De La Rue International Limited shall procure that the aggregate volume of confirmed orders in certain pre-agreed contract periods during the term of the Paper Supply Agreement is not less than the relevant agreed aggregate minimum order volume level for the corresponding period (the "**Guaranteed Print Volume**").

In consideration for the guaranteed maintenance by Portals De La Rue Limited of sufficient capacity and capability to manufacture and supply the Guaranteed Print Volume, De La Rue International Limited shall pay Portals De La Rue Limited annual guaranteed volume payments (as pre-determined by an annual guaranteed volume payment schedule and paid in quarterly instalments) from 30 June 2018 until 31 March 2028 ("**Guaranteed Volume Payments**").

In addition to, and separate from, payment of the Guaranteed Volume Payments, De La Rue International Limited shall, in respect of the total aggregate tonnage of each confirmed order for paper product(s), pay Portals De La Rue Limited a variable cost (job costing model cost *plus* any existing mould cover cost *less* the relevant planned cost saving) *plus* a profit contribution amount *plus* any non-standard terms costs *plus* any new mould cover costs (if applicable).

Subject to the terms of the Paper Supply Agreement, De La Rue International Limited shall not be restricted from ordering from any third party supplier certain pre-agreed maximum annual volumes paper product during certain pre-agreed contract periods during the term of the Paper Supply Agreement. Following submission by De La Rue International Limited of a confirmed order for paper product(s) which causes the aggregate annual volume in a given year to exceed certain pre-agreed thresholds, subject to certain exceptions and restrictions prescribed by the Paper Supply Agreement, the Group shall be free to submit orders for, and to make acquisitions of, paper product(s) from, subject to certain exceptions, the Company or any other third party, at any time during the remaining period of that contract year on such terms as may be agreed, and any such order shall not form part of the Guaranteed Print Volume.

The Group shall also be entitled to purchase paper product(s) from third parties, and such orders shall also not form part of the Guaranteed Print Volume, if:

- (i) Portals De La Rue Limited does not have sufficient capacity and capability to satisfy an un-forecasted order;
- (ii) an order enquiry does not relate to products manufactured by Portals De La Rue Limited at the time of the order enquiry; or

- (iii) in respect of orders on non-standard end-customer terms which are not consistent with the job costing rules, design rules or compatibility matrix, De La Rue International Limited rejects the price of the order.

The Group shall be entitled to purchase paper product(s) from third parties, and such orders shall form part of the Guaranteed Print Volume, if:

- (i) Portals De La Rue Limited does not have sufficient capacity and capability to satisfy a confirmed order or certain forecasted orders (and Portals De La Rue Limited shall pay any increased costs incurred by De La Rue International Limited in relation to the third party order); or
- (ii) Portals De La Rue Limited rejects an order enquiry from De La Rue International Limited (and the Guaranteed Volume Payments shall be reduced by the amount of the third party order).

Supply of security features

Subject to the terms of and certain exceptions in the Paper Supply Agreement, prior to 29 March 2028, in respect of orders received for paper product(s), Portals De La Rue Limited (or a company in its group) shall purchase the relevant security features exclusively from the Group in accordance with a fixed price list where the order enquiry requests or specifies that:

- (i) De La Rue security features are to be used in any paper product(s); or
- (ii) generic security features are to be used in any paper product(s) and the relevant De La Rue security features are of equivalent specification and delivery timeframe to the required product.

With effect from 29 March 2021, if Portals De La Rue Limited submits an order enquiry to De La Rue International Limited for more than a pre-agreed minimum volume of security features, Portals De La Rue Limited may simultaneously submit the same enquiry to other supplier(s) (including any member of Portals De La Rue Limited's group).

Resale arrangements

Notwithstanding the restrictions contained in the Paper Transaction Agreement (summarised at section 13.6 above) which restrict the Group from being engaged or interested (directly or indirectly) in carrying on a business that directly competes with the business of developing, manufacturing, supplying, selling and commercialising banknote paper and security paper, from 30 March 2018 until 30 March 2021, subject to certain conditions, the Group shall be entitled to:

- (i) participate in tender processes for the supply of paper product(s) to any state or government-owned prints works or commercial printers ("**Resale Customer**"), and to resell paper product(s) supplied to De La Rue International Limited by Portals De La Rue Limited to any such Resale Customer in the event that any member of the Group is awarded a legally binding order, contract or arrangement in respect of any such tender process ("**Resale Arrangement**"); and
- (ii) resell, rather than supply, paper product(s) to any third party commercial printer to whom the Group has sub-contracted or outsourced a print order received by the Group from a customer for the sole purpose of fulfilling such print order.

De La Rue International Limited may only participate in a Resale Arrangement, provided that the paper product(s) that are the subject of any such arrangement include a De La Rue security feature and neither the Group nor Portals De La Rue Limited's group have previously supplied a De La Rue security feature to that Resale Customer under a separate tender, order, contract or arrangement. The total volume of paper product(s) resold under the Resale Arrangement shall not exceed a pre-agreed cap in any contract year.

Termination

Either party may terminate the Paper Supply Agreement with immediate effect by giving written notice to the defaulting party if, among other reasons, it becomes insolvent or undergoes a customary insolvency-style event. The Paper Supply Agreement may be terminated by the relevant non-defaulting party in response to a material company breach or a material De La Rue breach or where a blacklisted entity acquires control of the other party (or the other party's ultimate parent), or where either party's obligations under the Paper Supply Agreement are prevented or delayed by a force majeure event for a continuous period of 30 days or more, which includes a material market shortage in the availability of abacá (*Musa textilis*) fibres, where De La Rue International Limited has placed confirmed orders for paper product(s) that require the use of such fibres.

13.9 **Identity Solutions Business SPA**

On 12 June 2019, De La Rue Holdings Limited and HID Corporation Limited, an ASSA ABLOY Group company, entered into a share purchase agreement, pursuant to which De La Rue Holdings Limited agreed to sell and HID Corporation Limited agreed to purchase the entire issued share capital of De La Rue Identity Solutions Limited for £42 million on a cash-free, debt-free basis (as amended from time to time) (the "**Identity Solutions Business SPA**"). Completion under the Identity Solutions SPA took place on 14 October 2019. Following a reorganisation of the Identity Solutions Business prior to entry into the Identity Solutions Business SPA, the transaction involved the transfer of De La Rue's entire Identity Solutions Business to HID Corporation Limited.

De La Rue Holdings Limited provided certain undertakings to HID Corporation Limited that imposed restrictions on the activities of the Group, including that, subject to certain exceptions (including the provision of passports and associated services to The Secretary of State for the Home Department of the United Kingdom), each member of the Group (acting directly or indirectly, in any capacity whatsoever) shall not:

- (i) from and including 15 October 2019 to 14 October 2022, carry on or be engaged or otherwise interested in any business which competes with the Identity Solutions Business;
- (ii) from and including 15 October 2019 to 14 October 2021: (i) solicit the custom in competition with the Identity Solutions Business of any person who is or at any time during the 2 years immediately preceding 14 October 2019 had been a customer or client of the Identity Solutions Business; or (ii) solicit or entice any employee of, or consult to, any De La Rue Identity Solutions Limited group company or employ any such employee or consultant; or
- (iii) at any time from and including 15 October 2019, in the course of any business use any trade, business or domain name or mark, logo or design which is owned by De La Rue Identity Solutions Limited and used in the Identity Solutions Business or anything which is, in the reasonable opinion of HID Corporation Limited, capable of being confused with any of them.

13.10 **Kenyan JV Agreement**

On 18 August 2016, De La Rue Currency and Security Print Limited, Thomas De La Rue AG and the Cabinet Secretary to the Treasury of Kenya (the "**GoK**") entered into a joint venture agreement pursuant to which the parties agreed to establish a joint venture company, De La Rue Kenya EPZ Limited, which is 60 per cent. owned by Thomas De La Rue AG and 40 per cent. owned by the GoK, for the purposes of bank note and security printing in Kenya (the "**Kenyan JV Agreement**").

Pursuant to the Kenyan JV Agreement:

- (i) Thomas De La Rue AG agreed to incorporate De La Rue Kenya EPZ Limited and hive-down and transfer the business and assets of De La Rue Currency and Security Print Limited to De La Rue Kenya EPZ Limited through a separate business transfer agreement;
- (ii) Thomas De La Rue AG and the GoK entered into a share purchase agreement, pursuant to which Thomas De La Rue AG agreed to sell and the GoK agreed to purchase 40 per cent. of the issued share capital of De La Rue Kenya EPZ Limited; and
- (iii) Thomas De La Rue AG and the GoK agreed to enter into a shareholders' agreement to govern the relationship between Thomas De La Rue AG and the GoK in respect of De La Rue Kenya EPZ Limited (the "**Kenyan SHA**").

13.11 **Kenyan SHA**

Also on 18 August 2016, Thomas De La Rue AG, the GoK and De La Rue Kenya EPZ Limited entered into the Kenyan SHA.

Notwithstanding articles 31 to 34 (inclusive) of the articles of association of De La Rue Kenya EPZ Limited (the "**Kenyan Articles**"), Thomas De La Rue AG and the GoK shall be restricted from disposing of their shares in De La Rue Kenya EPZ Limited to any person until after 18 August 2021. After 18 August 2021, pursuant to articles 31 to 34 (inclusive) of the Kenyan Articles, every member who desires to transfer any shares to a third party shall provide the other shareholder(s) with a written transfer notice (including the number of shares to be sold and the proposed price) and the non-selling shareholder(s) shall have a right of first refusal to purchase such shares pro rata to their respective shareholding. If the non-selling shareholder does not accept the right of first refusal, it shall be a condition of the third party's offer that the third party also makes a contemporaneous offer to and, if so required, purchases the shares of the non-selling shareholder on the same terms as those being offered to the selling shareholder.

During the term of the Kenyan SHA, among other restrictions, unless directly invited by the Central Bank of Kenya or Kenyan Government, the Group is restricted from bidding for, competing for or carrying on any security print business for the Kenyan Government or any other entity resident or carrying on business in Kenya, except through De La Rue Kenya EPZ Limited.

In circumstances where the shareholders agree that the business of De La Rue Kenya EPZ Limited is not viable, if the shareholders do not agree to wind up De La Rue Kenya EPZ Limited or the GoK does not offer to sell its shareholding to Thomas De La Rue AG, Thomas De La Rue AG shall have a call option to acquire all of the GoK's shares in De La Rue Kenya EPZ Limited. Should Thomas De La Rue AG cease to be a wholly-owned subsidiary of the Company, the GoK shall have the irrevocable option to sell all (but not part) of the GoK's shareholding in De La Rue Kenya EPZ Limited to Thomas De La Rue AG.

The Kenyan SHA may be terminated on written notice if Thomas De La Rue AG or the GoK remains in material breach of its obligations under the Kenyan SHA (and such material breach is not remedied) or if certain insolvency-style events occur, and the non-defaulting party shall have the right to acquire the shares of the defaulting party at an amount equal to the market value of De La Rue Kenya EPZ Limited multiplied by the proportion of shares in De La Rue Kenya EPZ Limited held by the defaulting party.

14. **GOVERNMENTAL, LEGAL AND ARBITRATION PROCEEDINGS**

Save as described below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the period covering the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of the Group.

14.1 *South Sudan SFO Investigation*

On 23 July 2019, the Company announced that the SFO had opened an investigation into the Group and its associated persons in relation to suspected corruption in the conduct of business in South Sudan. On 16 June 2020, the Company announced that it had been informed by the SFO that the SFO had decided to discontinue such investigation.

14.2 *Pastoriza SRL Claim*

De La Rue International Limited has commenced arbitration proceedings in London against Pastoriza SRL, a company which provided agency and sales consultancy services to the Group in the Dominican Republic from 2016 to 2019. The proceedings were commenced in connection with the termination of an agency agreement and the sales consultancy agreement entered into between De La Rue International Limited and Pastoriza SRL. Pastoriza SRL has contested jurisdiction of the arbitration and has otherwise not engaged in the arbitration. An arbitration award may still be granted to De La Rue International Limited in Pastoriza SRL's absence.

In response to De La Rue International Limited terminating the agency agreement and the sales consultancy agreement, Pastoriza SRL commenced a commercial lawsuit in the Dominican Republic for a claimed amount of approximately US\$8 million (plus monthly interest). De La Rue International Limited has filed documentary evidence to the courts in the Dominican Republic. The points disputed by De La Rue International Limited in respect of Pastoriza SRL's claim include whether the courts of the Dominican Republic should have jurisdiction in relation to the claim. The hearing on the claim scheduled for 30 March 2020 was postponed (without a new date being set) due to the ongoing COVID-19 pandemic.

As at the Latest Practicable Date, the Group had not received any further information on the outcome of the arbitration proceedings in London and no new date had been set for the proceedings in the Dominican Republic. The Group does not consider it probable that an economic outflow will occur under this claim and accordingly under IAS 37 no provision has been made in the 2020 Financial Statements in respect of the proceedings in the Dominican Republic.

14.3 *Tax assessments*

The Group is disputing a number of tax assessments received from the tax authority of a country in which the Group operates. The Group has recorded provisions in the 2020 Financial Statements for the estimated most likely amount that it would be required to pay to the tax authority on the basis of current communications with the tax authority. The provisions form part of "Other provisions" within the 2020 Financial Statements. The disputed tax assessments are at various stages in the local appeal process, but the Group believes it has a supportable and defensible position (based upon local accounting and legal advice), and is appealing previous judgments and negotiating with the tax authority in relation to the disputed tax assessments. The Company's expected outcome of the disputed tax assessments is held within the relevant provisions in the 2020 Financial Statements.

15. NO SIGNIFICANT CHANGE

There has been no significant change in the financial position or financial performance of the Group since 28 March 2020, the date to which the Company's latest audited year-end financial information was published.

16. REGULATORY DISCLOSURES

The Company regularly publishes announcements via the RNS system and its website. Below is a summary of the information disclosed in accordance with the Company's obligations under the Market Abuse Regulation over the last 12 months which are relevant as at the date of this document. In addition to the RNS system, full announcements can be accessed on the webpage of the Company at www.delarue.com/investors/financial-news.

16.1 *Inside Information*

On 30 May 2019, the Company announced its full year results for FY 18/19, including a statement that the Group planned to undertake a three year cost reduction programme intended to deliver

in excess of £20 million in annual savings by FY 21/22. In addition, the Company proposed a reorganisation of its business over the next twelve months designed to enhance the Group's strategic focus and generate greater efficiencies.

On 30 May 2019, the Company announced that Martin Sutherland would step down as CEO and as a Director but remain in place until a successor was found.

On 12 June 2019, the Company announced that it had agreed to sell its Identity Solutions Business to HID Corporation Limited, an ASSA ABLOY Group company, for cash consideration of £42 million. The Company announced the completion of the disposal on 14 October 2019.

On 23 July 2019, the Company announced that it had been informed by the SFO that the SFO had opened an investigation into the Group and its associated persons in relation to suspected corruption in the conduct of business in South Sudan. On 16 June 2020, the Company announced that it had been informed by the SFO that the SFO had decided to discontinue such investigation.

On 30 October 2019, the Company announced by way of a trading update that it expected H1 19/20 adjusted operating profits for the half year ended 28 September 2019 to be low-to-mid single digit millions. The Company also announced that full year 19/20 adjusted operating profit would be significantly lower than market expectations.

On 26 November 2019 the Company announced its H1 19/20 results for the period ended 28 September 2019, including a statement that the Company's board of directors had decided to suspend future dividend payments.

On 24 January 2020, the Company announced that the Company and Helen Willis had agreed that Helen Willis would step down from the role as Chief Financial Officer and cease to be a Director of the Company, in each case with immediate effect.

On 31 March 2020, the Company announced by way of a trading update that it expected adjusted operating profit for FY 19/20 to be between £20 million and £25 million, as previously guided. The Company also announced that it had operated within its banking covenants for FY 19/20 and that net debt for the same period is expected to be approximately £105 million, which included full payment of the Company's annual pension contribution. The Company stated that it was too early to quantify the potential impact of the COVID-19 pandemic on its financial performance in FY 20/21.

The Company has today announced its full year results for FY 19/20 and that it has conditionally raised £100 million (before expenses) in aggregate by way of a Firm Placing and Placing and Open Offer, comprising £50 million (before expenses) through the issue of 45,410,026 New Ordinary Shares pursuant to a Firm Placing and £50 million (before expenses) through the issue of 45,499,065 New Ordinary Shares pursuant to a Placing and Open Offer.

16.2 *Dealings by persons discharging managerial responsibilities and their persons closely associated*

The Company has made a number of disclosures in accordance with Article 19 of the Market Abuse Regulation in relation to transactions carried out by certain of the Company's persons discharging managerial responsibilities ("PDMRs") and their persons closely associated. Such transactions included the grant and exercise of awards over Ordinary Shares and the acquisition of Ordinary Shares by certain PDMRs and persons closely associated.

On 26 June 2019, the Company announced that it had awarded Deferred Shares to a number of senior employees under the De La Rue Annual Bonus Plan, including Martin Sutherland, the now former CEO. The Company announced that 50 per cent. of the awards will vest on 10 July 2020 and the remaining 50 per cent. will vest on 10 July 2021. Martin Sutherland was awarded 26,101 Deferred Shares at nil cost.

On 4 September 2019, the Company announced the lapse of options granted under the De La Rue Sharesave Scheme on 5 January 2016 at an option price of £3.444 to, among others, Martin Sutherland, the now former CEO. The Company announced 1,567 options granted to Martin Sutherland had lapsed.

On 9 September 2019, the Company announced that certain nil cost options over Ordinary Shares under the De La Rue Performance Share Plan and the De La Rue Annual Bonus Plan had been exercised by, among others, Martin Sutherland, the now former CEO. Martin Sutherland acquired 33,722 Ordinary Shares and subsequently sold 15,906 Ordinary Shares to cover PAYE/NI liabilities arising from the vesting and exercise. The remaining 17,816 Ordinary Shares were retained by Martin Sutherland.

On 26 November 2019, the Company announced that, in accordance with its obligations under Article 19 of the Market Abuse Regulation, Nuria Pena De Lamo, being a person closely associated with Clive Vacher, CEO, had purchased 37,500 Ordinary Shares.

On 7 January 2020, the Company announced that Clive Vacher, CEO, was granted: (A) a nil cost option over 326,245 Ordinary Shares on 6 January 2020 subject to the rules of the De La Rue Performance Share Plan; and (B) an option at an option price of 118.67p over 1,334 Ordinary Shares on 7 January 2020, subject to the rules of the De La Rue Sharesave Scheme.

17. FRUSTRATING ACTIONS

The Company is subject to the City Code. Other than as provided by the City Code and Chapter 3 of Part 28 of the Companies Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules relating to the Ordinary Shares.

18. THIRD PARTY INFORMATION

Certain information contained in this document has been sourced from third parties. In each case, the source of such information is indicated where the information appears in this document. The Company confirms that the information in this document that has been sourced from third parties has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19. GENERAL

The total expenses of the Firm Placing and Placing and Open Offer payable by the Company are approximately £8 million (inclusive of VAT). The Company's net proceeds from the Firm Placing and Placing and Open Offer would be approximately £92 million.

The auditors of the Company are Ernst & Young LLP of 1 More London Place, London SE1 2AF, who have audited the consolidated financial statements of the Group for the financial year ended 28 March 2020. Ernst & Young LLP issued an unqualified report on the consolidated financial statements of the Group for the financial year ended 28 March 2020. However, the auditor's report on the 2020 Financial Statements contains: (i) a material uncertainty in respect of going concern in relation to the securing of Shareholder approval for the Capital Raising; and (ii) draws attention to the additional disclosure provided by the Company in respect of the prospective impact of the continuing COVID-19 pandemic on the Group's business. The auditor's report is not modified in respect of either of these matters.

Ernst & Young LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

Rothschild & Co has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they are included.

Barclays has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they are included.

Investec has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they are included.

Numis has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they are included.

The Company will make the appropriate announcement(s) to a Regulatory Information Service in relation to the results of the Capital Raising, which is expected to be on or around 6 July 2020.

20. AVAILABILITY OF DOCUMENTS

Copies of the following documents may be inspected on the Company's website at www.delarue.com/investors/capitalraising for a period of twelve (12) months from the date of publication of this document:

- (i) the Articles;
- (ii) the consent letters referred to in section 19 of this Part VIII (*Additional Information*);
- (iii) the document incorporated by reference into this document, as described in Part IX (*Information Incorporated by Reference*); and
- (iv) this document.

PART IX

INFORMATION INCORPORATED BY REFERENCE

The table below sets out the document of which certain parts are incorporated by reference into, and form part of this document. Only the parts of the document identified in the table below are incorporated into, and form part of, this document. The parts of the document which are not being incorporated by reference are either not relevant for investors or are covered elsewhere in this document. To the extent that any information incorporated by reference itself incorporates any information by reference, either expressly or by implication, such information will not form part of this document for the purposes of the Prospectus Regulation, except where such information is stated within this document as specifically being incorporated by reference or where the document is specifically defined as including such information. The document incorporated by reference is available for inspection in accordance with section 20 of Part VIII (*Additional Information*).

Document incorporated by reference	Information incorporated by reference	Pages
2020 Financial Statements	Independent Auditor's Report	92-101
	Group Income Statement	102
	Group Statement of Comprehensive Income	103
	Group Balance Sheet	104
	Group Statement of Changes in Equity	105
	Group Cash Flow Statement	106
	Notes to the Accounts	107-159
	Company Accounts (including notes)	160-168

The 2020 Financial Statements can be accessed at www.delarue.com/investors.

APPENDIX

NOTICE OF GENERAL MEETING



DeLaRue

(incorporated in England and Wales with registered number 03834125)

NOTICE IS HEREBY GIVEN that a General Meeting of De La Rue plc (the “**Company**”) will be held at 10:30 a.m. on 6 July 2020 at De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS for the purpose of considering and, if thought fit, passing, the following ordinary resolutions (the “**General Meeting**”).

Unless expressly stated otherwise, terms defined in the prospectus of the Company dated 17 June 2020 shall have the same meaning in this Notice of General Meeting.

ORDINARY RESOLUTIONS

1. THAT the subscription by Crystal Amber Fund Limited of up to 8,733,313 new Ordinary Shares pursuant to the Firm Placing be and is hereby approved.
2. THAT the subscription by Brandes Investment Partners, L.P. of up to 10,844,025 new Ordinary Shares pursuant to the Firm Placing and the Placing be and is hereby approved.
3. THAT, subject to and conditional upon Resolutions 1 and 2 being passed, the Company’s board of directors be and are hereby generally and unconditionally authorised:
 - (A) to exercise all powers of the Company in accordance with section 551 of the Companies Act 2006 to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (all of which transactions are hereafter referred to as an allotment of “relevant securities”) up to an aggregate nominal amount of £40,820,000 pursuant to the Capital Raising, being 87.5 per cent. of the total ordinary share capital in issue (excluding treasury shares) as at the Latest Practicable Date, which authority shall be in addition to the existing authority conferred on the Company’s board of directors on 25 July 2019, which shall continue in full force and effect. The authority conferred by this resolution shall expire at the Company’s next annual general meeting (unless previously revoked or varied by the Company in a general meeting), save that the Company may, before such expiry, revocation or variation, make an offer or agreement which would or might require relevant securities to be allotted after such expiry, revocation or variation and the Company’s board of directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired or been revoked or varied; and
 - (B) to allot 90,909,091 New Ordinary Shares pursuant to the Capital Raising, at an issue price of 110 pence, which is at a 28 per cent. discount to the Closing Price of the Ordinary Shares as at 16 June 2020 (being the last Business Day before the announcement of the Capital Raising), such power (unless and to the extent previously revoked, varied or renewed by the Company in a general meeting) to expire on the conclusion of the next annual general meeting of the Company.

By order of the Board
Jane Hyde
Company Secretary

Registered office:
De La Rue House
Jays Close
Viables, Basingstoke
Hampshire RG22 4BS

17 June 2020

NOTES TO THE NOTICE OF GENERAL MEETING

1. About the General Meeting

In light of the prevailing guidance from the UK Government in relation to the COVID-19 outbreak and specifically the restrictions on unnecessary travel and large gatherings, the General Meeting will be convened with the minimum quorum of Shareholders (which will be facilitated by De La Rue's management) in order to conduct the business of the meeting. Accordingly, the Company strongly encourages all Shareholders to submit their Proxy Forms in advance of the meeting, appointing the Chairman of the General Meeting as proxy rather than a named person. In the interests of safety and in accordance with applicable UK Government guidance, entry to the General Meeting will be refused to any Shareholder, proxy or corporate representative (other than those required for a quorum to exist) who attempt to attend the General Meeting in person. The Company will continue to closely monitor the developing impact of COVID-19, including the latest UK Government guidance. Should it become appropriate to revise the current arrangements for the General Meeting, any such changes will be notified to Shareholders through our website at www.delarue.com and, where appropriate, by announcement made by the Company to a Regulatory Information Service.

2. Entitlement to appoint and appointment of proxies

A shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote in their place. Members may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by them. Where more than one valid appointment of proxy is received in respect of the same share, the one which is last sent will be treated as replacing and revoking the other(s). If the Company is unable to determine which is last sent, the one which is last received shall be so treated. **As described in Note 1 above, in light of the current circumstances in respect of the COVID-19 pandemic, the Board strongly recommends that Shareholders appoint the Chairman of the General Meeting as their proxy and no one else.**

A Shareholder may only appoint a proxy or proxies by:

- a. completing the Proxy Form accompanying this document in accordance with the instructions contained therein and returning it to the Company's Registrar, Computershare at The Pavilions, Bridgwater Road, Bristol BS99 6ZY.
- b. going to www.investorcentre.co.uk/eproxy using the Control Number, Shareholder Reference Number and PIN set out in the Proxy Form and following the instructions provided; or
- c. if you are a user of the CREST system (including CREST personal members), having an appropriate CREST message transmitted (see Note 4 below).

A Shareholder may change proxy instructions by returning a new proxy appointment using the methods set out above. A shareholder who has appointed a proxy using the hard copy Proxy Form but would like to change the instructions using another hard copy Proxy Form, should contact Computershare at The Pavilions, Bridgwater Road, Bristol BS99 6ZY. Any attempt to terminate or amend a proxy appointment after the relevant deadline will be disregarded. Where two or more valid, separate appointments of proxy are received in respect of the same share relating to the same meeting, the one which is sent last shall be treated as replacing and revoking the other or others.

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding.

3. Electronic proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear UK website (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number – 3RA50) by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or CREST sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Please note that the Company takes all reasonable precautions to ensure 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 Shareholders 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.

4. Nominated Persons

A copy of this Notice of General Meeting has been sent, for information only, to persons who have been nominated by a Shareholder to hold information rights under section 146 of the Companies Act 2006 (a "**Nominated Person**"). The rights to appoint a proxy cannot be exercised by a Nominated Person; they can only be exercised by the Shareholder. However, a Nominated Person may have a right under an agreement between them and the Shareholder by whom they were nominated to be appointed as a proxy for the meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

5. Entitlement to vote

To be entitled to attend and vote at the General Meeting, Shareholders must be registered in the register of members of the Company at 6:00 p.m. on 4 July 2020 (or, if the General Meeting is adjourned, provided that the adjourned meeting takes place no later than 6:00pm, at 6:00pm on the date which is two days prior to the adjourned meeting). Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote (and the number of votes they may cast) at the General Meeting or adjourned meeting.

6. Related party resolutions

Neither Crystal Amber nor any of its affiliates will be entitled to vote on Resolution 1. Neither Brandes nor any of its affiliates will be entitled to vote on Resolution 2.

7. Poll vote

Voting on each of the Resolutions will be conducted by way of a poll rather than a show of hands. This reflects current best practice and ensures that Shareholders who are not able to attend the General Meeting but who have appointed the Chairman of the General Meeting as their proxy have their votes fully taken into account.

When appointed as proxy, the Chairman of the General Meeting will cast Shareholder votes as directed by the relevant Shareholder(s).

As soon as practicable following the General Meeting, the results of the voting at the General Meeting will be announced via a Regulatory Information Service and also placed on the Group's website: www.delarue.com.

8. Corporate representatives

A Shareholder which is a corporation may authorise a person or persons to act as its representative(s) at the General Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

9. Voting rights

As at the Latest Practicable Date, the Company's issued share capital consisted of 103,997,862 Ordinary Shares, carrying one vote each and 111,673,300 Deferred Shares which do not carry any voting rights. Therefore the total number of shares over which voting rights in the Company are held is 103,997,862.

10. General

A copy of this Notice of General Meeting and other information required by section 311A of the Companies Act 2006 can be found on the Group's website: www.delarue.com.

Please note that you may not use any electronic address provided in this Notice of General Meeting or in any related documents (including, without limitation, the Prospectus and the Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

DEFINITIONS

“2015 Recovery Plan”	has the meaning given to it in Risk Factor 1.15 of this document;
“2020 Financial Statements”	means the audited consolidated financial statements of the Group prepared in accordance with IFRS as adopted by the EU as at and for the year ended 28 March 2020, together with the notes thereto and auditor’s report thereon;
“Admission”	means the admission of the New Ordinary Shares to the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;
“Alternative Plan Period”	has the meaning given to it in section 13.4 of Part VIII (<i>Additional information</i>) of this document;
“Application Form”	means the personalised application form on which Qualifying Non-CREST Shareholders may apply for Open Offer Shares under the Open Offer;
“Application Letter”	means the application letter set out on page 3 of the Application Form;
“Articles” or “Articles of Association”	means the articles of association of the Company in force at the date of this document;
“ASSA ABLOY Group”	means ASSA ABLOY AB and each of its direct and indirect subsidiaries from time to time;
“Audit Committee”	means the Company’s audit committee;
“BACS”	means the Bankers Automated Clearing Services;
“Band Limit”	has the meaning given to it in section 2.2 of Part VII (<i>United Kingdom taxation considerations</i>) of this document;
“Bank of England”	means the Bank of England of the United Kingdom;
“Barclays”	means Barclays Bank PLC;
“Board”	means the board of directors of the Company (as at the date of this document, unless otherwise stated);
“BOE Contract”	means the contract dated 13 October 2014 between De La Rue International Limited and the Bank of England, details of which are set out in Risk Factor 1.4;
“Brandes”	means Brandes Investment Partners, L.P.;
“BST”	means British Summer Time;
“Business Day”	means any day (other than a Saturday or Sunday) on which banks generally are open for business in London (other than solely for settlement and trading in Euro);
“Capital Raising”	means the Firm Placing and the Placing and Open Offer;
“Cash Collateral”	means any amount of cash required to be deposited by or maintained with borrowers in respect of liabilities (whether present or future, actual or contingent) under the terms of the Uncommitted Bonding Facility Agreements, details of which are set out in section 13.5 of Part VIII (<i>Additional Information</i>) of this document;

“Cash Processing Solutions Business”	means Cash Processing Solutions Ltd;
“certificated” or “in certificated form”	refers to a share or other security which is not in uncertificated form (that is, not in CREST);
“Chairman”	means the chairman of the Company, unless otherwise stated;
“CHAPS”	means the Clearing House Automated Payment System;
“Chief Executive Officer”	means the chief executive officer of the Company, unless otherwise stated;
“City Code”	means the City Code on Takeovers and Mergers of the United Kingdom;
“Closing Price”	means the closing middle market quotation of an Existing Ordinary Share as derived from the Daily Official List;
“Companies Act 2006”	means the Companies Act 2006 of England and Wales, as amended, modified or re-enacted from time to time;
“Companies Acts”	means every statute (including any orders, regulations or other subordinate legislation passed under it) from time to time in force concerning companies in so far as each such statute (including any orders, regulations or other subordinate legislation passed under it) applies to the Company, including (for the avoidance of doubt) the Companies Act 2006;
“Company” or “De La Rue”	means De La Rue plc of De La Rue House, Jays Close, Viables, Basingstoke, Hampshire, RG22 4BS, a company incorporated in England and Wales with registered number 03834125;
“Computershare”	means Computershare Investor Services PLC of The Pavilions, Bridgwater Road, Bristol BS99 6ZZ;
“Conditional Placee”	means any person who agrees to conditionally subscribe for Open Offer Shares (subject to clawback to satisfy Open Offer Entitlements and Excess Open Offer Entitlements taken up by Qualifying Shareholders) pursuant to the Placing;
“COVID-19”	means the Corona Virus Disease 2019 as designated by the World Health Organization;
“CREST”	means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK is the operator (as defined in the CREST Regulations);
“CREST Courier and Sorting Service”	means the CREST courier and sorting service established by Euroclear UK to facilitate, among other things, the deposit and withdrawal of securities;
“CREST Deposit Form”	means the CREST deposit form set out on page 4 of the Application Form;
“CREST Manual”	means the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear UK on 15 July 1996, as amended);

“CREST member”	means a person who has been admitted by Euroclear UK as a system-member (as defined in the CREST Regulations);
“CREST Proxy Instruction”	has the meaning given to it in the notes to the Notice of General Meeting;
“CREST Regulations”	means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
“CREST sponsor”	means a CREST participant admitted to CREST as a CREST sponsor;
“CREST sponsored member”	means a CREST member admitted to CREST as a sponsored member;
“Criteria”	has the meaning given to it in Risk Factor 1.15;
“Crystal Amber”	means Crystal Amber Fund Limited;
“Daily Official List”	means the daily official list of the London Stock Exchange;
“De La Rue Annual Bonus Plan”	means the De La Rue plc Annual Bonus Plan;
“De La Rue Performance Share Plan”	means the De La Rue plc Performance Share Plan;
“De La Rue Sharesave Scheme”	means the De La Rue plc (1999) Sharesave Scheme;
“Deferred Shares”	means the non-voting shares of one pence each in the share capital of the Company;
“Directors”	means the directors of the Company (as at the date of this document, unless otherwise stated);
“Disclosure Guidance and Transparency Rules”	means the disclosure guidance and transparency rules made under Part VI of FSMA (as set out in the FCA Handbook), as amended;
“EBIT”	means, in relation to any Relevant Period, the total consolidated operating profit of the Group for that Relevant Period, before taking into account: (a) interest payable and interest receivable; (b) tax; (c) any share of the profit of any associated company or undertaking, except for dividends received in cash by any member of the Group; and (d) extraordinary and exceptional items;
“EBITDA”	means operating profit before amortisation and non-recurring costs after writing off bidding and mobilisation costs incurred;
“EEA”	means the European Economic Area first established by the agreement signed at Oporto on 2 May 1992;
“EEA State”	means a state which is a contracting party to the agreement on the EEA signed at Oporto on 2 May 1992, as it has effect for the time being;
“EHS”, “EHS Matters” and “EHS Liabilities”	have the meaning given to them in section 13.7 of Part VIII (<i>Additional Information</i>) of this document;
“Enlarged Share Capital”	means the expected issued ordinary share capital of the Company immediately following the issue of the New Ordinary Shares;
“Epiris Fund II”	means Epiris Fund II L.P., Epiris Fund II B L.P. and Epiris Fund II FFP L.P. (and whose general partner is Epiris GP Limited);

“Equity Raise Condition”	has the meaning given to it in section 13.4 of Part VIII (<i>Additional Information</i>) of this document;
“Ethics Committee”	means the Company’s ethics committee;
“EU” or “European Union”	means the European Union first established by the treaty made at Maastricht on 7 February 1992;
“Euroclear UK”	means Euroclear UK & Ireland Limited, the operator of CREST;
“Excess Application Facility”	means the arrangement pursuant to which Qualifying Shareholders may apply for Excess Open Offer Shares in excess of their Open Offer Entitlements;
“Excess Open Offer Entitlements”	means, in respect of each Qualifying Shareholder, the conditional entitlement to apply for New Ordinary Shares under the Excess Application Facility, which are subject to allocation in accordance with this document;
“Excess Open Offer Shares”	means the New Ordinary Shares which Qualifying Shareholders will be invited to subscribe for pursuant to the Excess Application Facility;
“Ex-Entitlements Time”	means the time at which the Existing Ordinary Shares are marked ex-entitlement, being 8:00 a.m. on 17 June 2020;
“Existing Ordinary Shares”	means, in relation to a particular date, the Ordinary Shares in issue as at that date;
“FCA”	means the Financial Conduct Authority in the UK;
“FCA Handbook”	means the FCA’s Handbook of Rules and Guidance, as amended from time to time;
“FCTC”	means the World Health Organisation’s Framework Convention on Tobacco Control;
“Financial Action Task Force”	means the Financial Action Task Force first established by the Group of Seven Summit in Paris in July 1989;
“Firm Placee”	means any person that has conditionally agreed to subscribe for Firm Placing Shares;
“Firm Placing”	means the conditional placing of the Firm Placing Shares on the terms and subject to the conditions contained in the Placing Agreement;
“Firm Placing Shares”	means the 45,410,026 New Ordinary Shares which are to be issued by the Company pursuant to the Firm Placing;
“FSMA”	means the Financial Services and Markets Act 2000 of England and Wales, as amended from time to time;
“FY”	means, in relation to a year, the financial year ending on or around the last Saturday in March of that year (such that “FY 19/20” means the financial year starting on 31 March 2019 and ending on 28 March 2020, and analogous expressions shall be construed accordingly);
“GDPR”	means the EU General Data Protection Regulation (2016/679), which came into force in May 2018, and as amended from time to time;

“General Meeting”	means the general meeting of De La Rue to be held on 6 July 2020, or any adjournment thereof, to consider and, if thought fit, to approve the Resolutions;
“GoK”	has the meaning given to it in section 13.10 of Part VIII (<i>Additional Information</i>) of this document;
“Group”	means the Company and each of its direct and indirect subsidiaries from time to time (where “subsidiary” shall have the meaning ascribed to it in the Companies Act 2006);
“Guaranteed Print Volume”	has the meaning given to it in section 13.8 of Part VIII (<i>Additional Information</i>) of this document;
“Guaranteed Volume Payments”	has the meaning given to it in section 13.8 of Part VIII (<i>Additional Information</i>) of this document;
“Gulf Co-operation Council”	means the Cooperation Council for the Arab States of the Gulf first established by the Charter of the Gulf Cooperation Council on 25 May 1981;
“HM Treasury”	means Her Majesty’s Treasury in the United Kingdom;
“HMRC”	means Her Majesty’s Revenue and Customs;
“HSE”	has the meaning given to it in Risk Factor 1.14;
“IAS”	means the International Accounting Standards, as set by the International Accounting Standards Committee in the United Kingdom;
“Identity Solutions Business SPA”	means the share purchase agreement dated 12 June 2019 between De La Rue Holdings Limited and HID Corporation Limited, details of which are set out in section 13.9 of Part VIII (<i>Additional Information</i>) of this document;
“Identity Solutions Business” or “IDS”	means the Group’s former international identity solutions contracts, associated software, passport assembly facilities in Malta, and certain printing contracts of security documents such as visas and birth/death/marriage certificates;
“IFRS”	means the International Financial Reporting Standards, as adopted in the European Union;
“Independent Non-Executive Directors”	means the independent non-executive directors (within the meaning of the UK Corporate Governance Code) of the Company as at the date of this document, unless otherwise stated;
“Investec”	means Investec Bank plc;
“ISA”	means an individual savings account;
“ISIN”	means the International Securities Identification Number which uniquely identifies a security;
“JerseyCo”	means Kent Funding Limited;
“Joint Bookrunners”	means Barclays, Investec and Numis;
“Kenya”	means the Republic of Kenya;
“Kenyan Articles”	has the meaning given to it in section 13.11 of Part VIII (<i>Additional Information</i>) of this document;

“Kenyan JV Agreement”	means the joint venture agreement dated 18 August 2016 between De La Rue Currency and Security Print Limited, Thomas De La Rue AG and the Cabinet Secretary to the Treasury of Kenya, details of which are set out in section 13.10 of Part VIII (<i>Additional Information</i>) of this document;
“Kenyan SHA”	means the shareholders’ agreement dated 18 August 2016 between Thomas De La Rue AG, the Cabinet Secretary to the Treasury of Kenya and De La Rue Kenya EPZ Limited, details of which are set out in section 13.11 of Part VIII (<i>Additional Information</i>) of this document;
“Latest Practicable Date”	means 15 June 2020, being the latest practicable date prior to the publication of this document;
“LEI”	means legal entity identifier;
“Lenders”	means Barclays Bank PLC, HSBC Bank Plc, Lloyds Bank Plc, Santander UK Plc, The Governor and Company of the Bank of Ireland and The Royal Bank of Scotland Plc;
“Listing Rules”	means the rules and regulations made by the FCA under FSMA and contained in the FCA’s publication of the same name;
“London Stock Exchange”	means London Stock Exchange Group plc;
“Long Stop Date”	means 31 July 2020;
“Long Stop Provision”	has the meaning given to it in Risk Factor 1.1 of this document;
“Malta”	means the Republic of Malta;
“Market Abuse Regulation”	means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, in the form retained in the English law and as amended from time to time;
“Microsoft Contract”	means the contract dated 14 September 2017 between De La Rue International Limited and Microsoft Corporation, details of which are set out in Risk Factor 1.4;
“Microsoft”	means Microsoft Corporation of 1 Microsoft Way, Redmond, Washington, 98052, United States;
“MiFID II”	means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended;
“MiFID II Product Governance Requirements”	has the meaning given to it in the ‘Information to Distributors’ section on page 4 of this document;
“Money Laundering Regulations”	means the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 (SI 2017 No. 692), as amended;
“Net Interest Payable”	means, in relation to any Relevant Period, interest payable for that Relevant Period less interest receivable for that Relevant Period;
“New Ordinary Shares”	means the new Ordinary Shares to be issued by the Company pursuant to the Capital Raising;
“NI”	means National Insurance as payable in the United Kingdom;

“NI 33-105”	means Canadian National Instrument 33-105 – Underwriting Conflicts;
“Nil Rate Amount”	has the meaning given to it in section 2.1 of Part VII (<i>United Kingdom taxation considerations</i>);
“Nominated Person”	has the meaning given to it in the notes to the Notice of General Meeting;
“Nomination Committee”	means the Company’s nomination committee;
“Non-Executive Directors”	means the non-executive directors of the Company (within the meaning of the UK Corporate Governance Code) (as at the date of this document, unless otherwise stated);
“Non-Taken Up Shares”	has the meaning given to it in section 6.3 of Part VIII (<i>Letter from the Chairman of the Company</i>) of this document;
“Notice of General Meeting”	means the notice of the General Meeting that is found at the Appendix at page 122 of this document;
“Numis”	means Numis Securities Limited;
“Offer Price”	means 110 pence per New Ordinary Share;
“Official List”	means the official list maintained by the FCA pursuant to FSMA;
“Open Offer”	means the conditional invitation to Qualifying Shareholders to apply to subscribe for the Open Offer Shares and Excess Open Offer Shares at the Offer Price on the terms and subject to the conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Application Form;
“Open Offer Entitlements”	means entitlements to subscribe for Open Offer Shares allocated to a Qualifying Shareholder pursuant to the Open Offer;
“Open Offer Shares”	means the 45,499,065 New Ordinary Shares which are to be issued by the Company pursuant to the Open Offer;
“Ordinary Shares”	means the ordinary shares of 44 ¹⁵² / ₇₅ p in the capital of the Company (including, if the context requires, the New Ordinary Shares);
“Overseas Shareholders”	means De La Rue Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom;
“Paper Business”	means the Group’s former business of developing, manufacturing, supplying, selling and commercialising banknote paper and security paper (including research and development activities in respect of banknote paper and security paper);
“Paper Business Purchase Agreement”	means the business purchase agreement dated 1 February 2018 between De La Rue International Limited and Portals De La Rue Limited, details of which are set out in section 13.7 of Part VIII (<i>Additional Information</i>) of this document;
“Paper Supply Agreement”	means the relationship agreement dated 29 March 2018 between De La Rue International Limited and Portals De La Rue Limited, details of which are set out in section 13.8 of Part VIII (<i>Additional Information</i>) of this document;

“Paper Transaction Agreement”	means the transaction agreement dated 1 February 2018 between De La Rue International Limited and WhickerCo Limited, details of which are set out in section 13.6 of Part VIII (<i>Additional Information</i>) of this document;
“PAYE”	means the Pay As You Earn (PAYE) system in the United Kingdom;
“PDMR”	means persons discharging managerial responsibilities as defined under the Market Abuse Regulation;
“Placee”	means a Conditional Placee or a Firm Placee;
“Placing”	means the conditional placing of the Open Offer Shares, subject to clawback pursuant to the Open Offer, on the terms and subject to the conditions contained in the Placing Agreement;
“Placing Agreement”	means the sponsor, placing and open offer and underwriting agreement dated 17 June 2020 between the Company, the Sponsor and the Joint Bookrunners, details of which are set out in section 13.1 of Part VIII (<i>Additional Information</i>) of this document;
“Placing Shares”	means the Open Offer Shares proposed to be issued by the Company pursuant to the Placing (to the extent that such shares have not been validly taken up pursuant to the Open Offer);
“Plan Deadline”	has the meaning given to it in Risk Factor 1.1 of this document;
“Prospectus” or “this document”	means this document, comprising a circular and a prospectus relating to the Company for the purpose of the Capital Raising and Admission;
“Prospectus Regulation”	means the Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2018 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended;
“Prospectus Regulation Rules”	means the prospectus regulation rules made by the FCA pursuant to Part VI of FSMA (as set out in the FCA Handbook), as amended;
“Proxy Form”	means the form of proxy for use by Shareholders in connection with the General Meeting;
“Prudential Regulation Authority”	means the Prudential Regulation Authority of the United Kingdom;
“Qualifying CREST Shareholders”	means Qualifying Shareholders holding Ordinary Shares in uncertificated form;
“Qualifying Non-CREST Shareholders”	means Qualifying Shareholders holding Ordinary Shares in certificated form;
“Qualifying Shareholders”	means holders of Ordinary Shares on the register of members of the Company at the Record Time with the exclusion of the Restricted Shareholders;
“Receiving Agent”	means Computershare;
“Record Time”	means 6:00 p.m. on 12 June 2020, being the date specified in the Expected Timetable of Principal Events on which a Shareholder must hold Ordinary Shares to be a Qualifying Shareholder;

“Recovery Plan”	has the meaning given to it in Risk Factor 1.15 of this document;
“Registrar”	means Computershare;
“Regulation S”	means Regulation S under the US Securities Act;
“Regulatory Information Service”	means any of the services set out in Schedule 12 to the Listing Rules of the FCA;
“Related Party Transaction”	has the meaning ascribed to it in paragraph 9 of IAS 24, being the standard adopted according to Regulation (EC) No. 1606/2002;
“relevant member state”	where used under section 1.4 of Part VI (<i>Overseas Shareholders</i>), has the definition ascribed to it in that section;
“Relevant Period”	means (a) each financial year of the Company; and (b) each period beginning on the first day of the second half of a financial year of the Company and ending on the last day of the first half of its next financial year;
“Remuneration Committee”	means the Company’s remuneration committee;
“Resale Arrangement”	has the meaning given to it in section 13.8 of Part VIII (<i>Additional Information</i>) of this document;
“Resolutions”	mean the resolutions set out in the Notice of General Meeting;
“Restricted Jurisdiction”	means any jurisdiction, including but not limited to Australia, Canada, Japan, New Zealand, the Republic of South Africa, Singapore, Switzerland and the United States of America, where the extension or availability of the Capital Raising (and any other transaction contemplated thereby) would (i) result in a requirement to comply with any governmental or other consent or any registration filing or other formality which the Company regards as unduly onerous, or (ii) otherwise breach any applicable law or regulation;
“Restricted Shareholders”	means, subject to certain exceptions, Shareholders who have registered addresses in, who are incorporated in, registered in or otherwise resident or located in, the United States or any other Restricted Jurisdiction;
“Revolving Facility Agreement”	means the revolving facility agreement dated 12 June 2012 originally entered into between the Company, various members of the Group, Barclays Bank PLC, HSBC Bank Plc, Lloyds Bank Plc, Abbey National Treasury Services Plc and The Royal Bank of Scotland Plc (as amended and restated on 19 March 2015 and from time to time), details of which are set out in section 13.3 of Part VIII (<i>Additional Information</i>) of this document;
“Revolving Facility Agreement Amendment”	means the amendment and restatement agreement dated 17 June 2020 in respect of the Revolving Facility Agreement, details of which are set out in section 13.4 of Part VIII (<i>Additional Information</i>) of this document;
“Risk Committee”	means the Company’s risk committee;
“RNS”	means the Regulatory News Service of the London Stock Exchange;
“Rothschild & Co”	means N.M. Rothschild & Sons Limited, New Court, St. Swithin’s Lane, London EC4N 8AL;

“SDRT”	means stamp duty reserve tax;
“SEC”	means the United States Securities and Exchange Commission;
“Senior Managers”	means those individuals set out in section 8 of Part VIII (<i>Additional Information</i>);
“SFO”	means the Serious Fraud Office of the United Kingdom;
“Shareholder Helpline”	means the telephone helpline for Shareholders, details of which are set out in the Where To Find Help section on page 41 of this document;
“Shareholders”	means the holders of Ordinary Shares from time to time;
“South Sudan”	means the Republic of South Sudan;
“Sponsor”	means Rothschild & Co;
“Sri Lanka”	means the Democratic Socialist Republic of Sri Lanka;
“stock account”	means an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
“subsidiary”	has the meaning given in section 1159 of the Companies Act 2006, unless otherwise provided in this document;
“subsidiary undertaking”	has the meaning given in section 1162 of the Companies Act 2006;
“Target Market Assessment”	has the meaning given to it in the ‘Information to Distributors’ section on page 4 of this document;
“TPPs”	has the meaning given to it in Risk Factor 1.5;
“Trustee”	means the trustee of the UK Pension Scheme;
“Turnaround Plan”	means the turnaround plan announced by De La Rue on 25 February 2020, details of which are set out in Risk Factor 1.2 and in section 2 of Part I (<i>Letter from the Chairman of the Company</i>) of this document;
“UK Corporate Governance Code”	means the UK Corporate Governance Code published in July 2018 by the Financial Reporting Council in the UK;
“UK Pension Scheme” or the “Scheme”	means the Group’s defined benefit pension scheme based in the UK, details of which are set out in Risk Factor 1.15;
“UK Pensions Regulator”	means the regulator established under Part 1 of the Pensions Act 2004 (as amended) in the United Kingdom;
“uncertificated” or “in uncertificated form”	refers to a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“Uncommitted Bonding Facility Agreements”	has the meaning given to it in section 13.5 of Part VIII (<i>Additional Information</i>) of this document;
“United Kingdom” or “UK”	means the United Kingdom of Great Britain and Northern Ireland;
“United Nations”	means the United Nations formulated at the Washington Conversations on International Peace and Security Organization in 1944 and which officially came into existence on 24 October 1945;

“United States” or “US”	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
“US Securities Act”	means the US Securities Act of 1933, as amended;
“USE Instructions”	means Unmatched Stock Event instructions, as defined in the CREST Regulations;
“VAT”	means value added tax; and
“Venezuela”	means República Bolivariana de Venezuela.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. 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.

