

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN PERSONAL FINANCIAL ADVICE IMMEDIATELY FROM YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA") OR FROM ANOTHER APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER.

This document comprises a circular prepared in accordance with the Listing Rules made under section 73A of the FSMA (the "**Listing Rules**") for the purposes of the General Meeting of Hill & Smith Holdings PLC (the "**Company**" or "**Hill & Smith**") convened pursuant to the Notice of General Meeting set out at the end of this document.

If you have sold or otherwise transferred all of your Ordinary Shares, please send this document and the accompanying documents (other than documents or forms personalised for you) at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, these documents must not be forwarded, distributed or transmitted in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction. If you have sold or otherwise transferred only part of your holding of Ordinary Shares you should retain these documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

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

This document should be read as a whole and in conjunction with the accompanying Form of Proxy. The contents of this document should not be construed as legal, business or tax advice. You should consult your own legal adviser, financial adviser or tax adviser for legal, financial or tax advice.

The distribution of this document and/or the accompanying documents (in whole or in part) in or into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of the relevant jurisdiction.



Hill & Smith Holdings PLC

(registered in England and Wales under the Companies Act, 1948 with registered number 00671474)

Disposal of France Galva SA to ZINQ France SAS and Sofigalva SAS

Circular to Shareholders

and

Notice of General Meeting

Your attention is drawn to the letter from the Chair of Hill & Smith in Part 1 (*Letter from the Chair of Hill & Smith Holdings PLC*) of this document, which contains the recommendation of the Board that you vote in favour of the Resolution to be proposed at the General Meeting. You should read the whole of this document when considering what action you should take in connection with the General Meeting.

Notice of the General Meeting, which will be held at 11.00 a.m (London time) on 5 September 2022 at Hill & Smith Holdings PLC, Westhaven House, Arlestone Way, Shirley, Solihull, West Midlands, B90 4LH, is set out in Part 5 (*Notice of General Meeting*) of this document.

The action to be taken by Shareholders in relation to the General Meeting is set out on pages 1 to 2 of this document. Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. Please complete and sign the enclosed Form of Proxy (or appoint a proxy electronically, as referred to below) in accordance with the instructions printed on it and return it to Hill & Smith's registrar, Computershare, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ as soon as possible and, in any event, so as to be received by 11.00 a.m. on 1 September 2022 or, in the case of any adjournment, no later than 48 hours (excluding non-Business Days) before the time fixed for the adjourned meeting. Unless the Form of Proxy is returned by the time mentioned in the instructions printed on it, it will be invalid.

Electronic Proxy Appointment ("EPA") is available for the General Meeting. To use this facility, you must visit www.investorcentre.co.uk/eproxy where details of the procedure are shown. The Meeting Control Number, PIN and Shareholder Reference Number shown on the Form of Proxy will be required to complete the procedure. EPA will not be valid if received later than 11.00 a.m. on 1 September 2022, or, in the case of any adjournment, later than 48 hours (excluding non-Business Days) before the time fixed for the adjourned meeting and will not be accepted if found to contain a computer virus.

If you have any questions about this document, the General Meeting or the completion and return of the Form of Proxy, please call the Shareholder Helpline between 8:30 a.m. and 5:30 p.m. (London time) Monday to Friday (excluding English and Welsh public holidays) on 0370 707 1058 (from within the UK) or +44 (0)370 707 1058 (from outside the UK (international rates apply)). Please note that calls may be monitored or recorded and the Shareholder Helpline cannot provide financial, legal or tax advice or advice on the merits of the Disposal.

Certain terms used in this document are defined in Part 4 (*Definitions*) of this document.

N.M. Rothschild & Sons Limited ("**Rothschild & Co.**") which is authorised and regulated in the UK by the Financial Conduct Authority ("**FCA**"), is acting exclusively as sponsor and financial adviser for Hill & Smith in connection with the publication of this document and the Disposal and will not be acting for any other person (whether or not a recipient of this document), or be responsible to any other person for the contents of this document or any matter, transaction or arrangement referred to herein. Apart from the responsibilities and liabilities, if any, which may be imposed on Rothschild & Co. by FSMA or the regulatory regime established thereunder, neither Rothschild & Co. nor its subsidiaries, branches or affiliates makes any representation or warranty, expressed or implied, as to the contents of this document or accepts any responsibility or liability whatsoever for the accuracy, completeness or verification of, or opinions contained in, this document (or for the omission of any material information) and shall not be responsible or liable for the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company. Rothschild & Co. and its subsidiaries, branches and affiliates accordingly disclaim all and any responsibility or liability whether direct or indirect and whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

The date of publication of this document is 17 August 2022.

IMPORTANT NOTICES

Forward-looking statements

This document, oral statements made regarding the Disposal, and other information published in connection with the Disposal contain statements which are, or may be deemed to be, “forward-looking statements”. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections about future events and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this document include statements relating to the expected effects of the Disposal on Hill & Smith, the expected timing and scope of the Disposal and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “plans”, “expects” or “does not expect”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved.

Although Hill & Smith believes that the expectations reflected in such forward-looking statements are reasonable, Hill & Smith can give no assurance that such expectations will prove to be correct. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include the satisfaction of the Condition, as well as factors such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of regulators and other factors such as changes in the political, social and regulatory framework in which Hill & Smith operates or in economic or technological trends or conditions. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors.

None of Hill & Smith or any of its associates, directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations (including under the Listing Rules and the Disclosure Guidance and Transparency Rules of the FCA, and the Market Abuse Regulation), Hill & Smith is under no obligation, and Hill & Smith expressly disclaims any intention or obligation, to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

No profit forecasts or estimates

No statement in this document is intended to be or is to be construed as a profit forecast or estimate for any period and no other statement in this document should be interpreted to mean that earnings or earnings per share for Hill & Smith for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Hill & Smith.

Currencies

Unless otherwise indicated, all references in this document to “sterling”, “GBP”, “£”, “pence” or “p” are to the lawful currency of the United Kingdom; references to “EUR”, “Euro” or “€” are to the official currency of the Eurozone; and references to “\$”, “USD”, “US dollars” or “cents” are to the lawful currency of the United States of America.

Exchange rates

The sale proceeds to be received by Hill & Smith under the terms of the Disposal will be received in EUR (€). Equivalents have been presented in GBP (£) in this document for illustrative purposes using a rate of €1.19:£1.00 based on the exchange rate as at 4.00 p.m. on 15 August 2022.

The revenue and underlying operating profit for the France Galva Group have been presented in EUR (€) and for illustrative purposes the GBP (£) equivalents have been provided assuming average exchange rates of €1.16:£1.00 over the 2021 calendar year, €1.13:£1.00 over the 2020 calendar year and €1.14:£1.00 over the 2019 calendar year.

The gross assets for the France Galva Group have been presented in EUR (€) and for illustrative purposes the GBP (£) equivalents have been provided using the historical closing exchange rate at the balance sheet date. This was €1.19:£1.00 as at 31 December 2021.

Rounding

Certain figures included in this document have been subject to rounding adjustments. Accordingly, figures shown in the same category may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Publication on website and availability of hard copies

A copy of this document will be made available on Hill & Smith's website at: <https://www.hsholdings.co.uk/investors>. For the avoidance of doubt, the contents of any websites referred to in this document are not incorporated into and do not form part of this document.

If you have received this document in electronic form, you may request a hard copy of this document by writing to Hill & Smith's registrar, Computershare, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ, or by calling Computershare between 8:30 a.m. and 5:30 p.m. (London time), Monday to Friday (excluding English and Welsh public holidays), on 0370 707 1058 from within the UK, or on +44 (0)370 707 1058, if calling from outside the UK. Calls from outside the UK will be charged at the applicable international rate. Calls will be recorded and monitored for training and security purposes. You will need to provide your full name and the full address to which the hard copy or copies should be sent. You may also request that all future documents, announcements and information to be sent to you in relation to the Disposal should be in hard copy form.

Time of day

Unless otherwise indicated, all references in this document to time of day are references to London time.

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ACTION TO BE TAKEN

For the reasons set out in this document, the Board recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings of Ordinary Shares, and that you take the action described below.

The General Meeting will be held at 11.00 a.m. (London time) on 5 September 2022 at Hill & Smith Holdings PLC, Westhaven House, Arlestone Way, Shirley, Solihull, West Midlands, B90 4LH. The Disposal requires approval of Shareholders at the General Meeting.

1. The Documents

Please check that you have received with this document a Form of Proxy for use in respect of the General Meeting. If you have not received a Form of Proxy, please contact the Shareholder Helpline as set out in paragraph 3 below.

2. Voting at the General Meeting

The Disposal constitutes a related party transaction for Hill & Smith under the Listing Rules and so it will require the passing by Shareholders of the Resolution to be proposed at the General Meeting. The General Meeting is to be held at 11.00 a.m. (London time) on 5 September 2022 at Hill & Smith Holdings PLC, Westhaven House, Arlestone Way, Shirley, Solihull, West Midlands, B90 4LH.

Sending Forms of Proxy by post or by hand

Please complete and sign the enclosed Form of Proxy in accordance with the instructions printed on it and return it either (i) by post; or (ii) during normal business hours only, by hand, to Hill & Smith's registrar, Computershare, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ, so as to be received as soon as possible and in any event no later than 11.00 a.m. on 1 September 2022, or, if the General Meeting is adjourned, the Form of Proxy should be received not later than 48 hours (excluding non-Business Days) before the time fixed for the adjourned General Meeting.

The Form of Proxy must be returned by the time mentioned above or it will be invalid.

Electronic appointment of proxies

Shareholders entitled to vote at the General Meeting may appoint a proxy electronically by logging on to the following website: www.investorcentre.co.uk/eproxy and entering the Meeting Control Number, PIN and Shareholder Reference Number shown on their Form of Proxy. For an EPA to be valid, the appointment must be received by Hill & Smith's registrar, Computershare, no later than 11.00 a.m. on 1 September 2022, or, in the case of any adjournment, no later than 48 hours (excluding non-Business Days) before the time fixed for the adjourned meeting.

Electronic appointment of proxies through CREST

If you hold Ordinary Shares in uncertificated form through CREST and wish to appoint a proxy for the General Meeting (or any adjourned General Meeting) by using the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed any 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 or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The CREST Proxy Instruction (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy), must, in order to be valid, be transmitted so as to be received by Hill & Smith's registrar, Computershare, no later than 11.00 a.m. on 1 September 2022, or, in the case of any adjournment, no later than 48 hours (excluding non-Business Days) before the time fixed for the

adjourned meeting. 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 Application Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee by other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear 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 sponsored member or has appointed any voting service provider(s), to procure that his/her 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 regard, 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.

Hill & Smith may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

3. Shareholder Helpline

If you have any questions about this document or the General Meeting, or are in any doubt as to how to complete the Form of Proxy, please contact Hill & Smith's registrar, Computershare, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ, or by calling Computershare on 0370 707 1058 or, if telephoning from outside the UK, on +44 (0)370 707 1058, between 8:30 a.m. and 5:30 p.m. (London time), Monday to Friday (excluding English and Welsh public holidays). Calls to the Shareholder Helpline from outside the UK will be charged at applicable international rates. Calls will be recorded and monitored for security and training purposes. Please note that, for legal reasons, the Shareholder Helpline cannot provide advice on the merits of the Disposal or give any legal, tax or financial advice.

Hard copies of this document sent to persons in electronic form, or by means of being published on Hill & Smith's website, and all future documents, announcements and information required to be sent to persons in relation to the Disposal may be requested to be received by Shareholders in hard copy form by writing to Computershare, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ or by calling Computershare on the numbers provided above. You will need to provide your full name and the full address to which the hard copy or copies should be sent. A hard copy of any such documents will not be sent unless so requested.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times shown are London times. All dates and times are based on the current expectations of Hill & Smith and are subject to change, which will depend, among other things, on the date on which the Condition to the Disposal is satisfied. If any of the dates and/or times in this expected timetable change, the revised dates and/or times will be notified to Shareholders by announcement through a Regulatory Information Service.

Event	Expected time/date
Publication of this document	17 August 2022
Latest time and date for lodging Forms of Proxy/CREST Proxy Instructions for the General Meeting¹	11.00 a.m. on 1 September 2022
Voting Record Time	6:30 p.m. on 1 September 2022
General Meeting²	11.00 a.m. on 5 September 2022
Announcement of the result of the General Meeting	5 September 2022
Completion of the Disposal	During September 2022
Long Stop Date	15 November 2022

Notes:

- (1) In order to be valid, the Form of Proxy must be lodged no later than 11.00 a.m. (London time) on 1 September 2022 (or, if the General Meeting is adjourned, no later than 48 hours (excluding non-Business Days) before the time fixed for the adjourned meeting). Please see the section entitled "Action to be taken" on pages 1 to 2 of this document.
- (2) If the General Meeting is adjourned, the Voting Record Time for the adjourned meeting will be 6:30 p.m. on the date which is two Business Days before the date set for such adjourned meeting.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors of the Company	Alan Giddins	Executive Chair
	Hannah Nichols	Group Chief Financial Officer
	Tony Quinlan	Senior Independent Non-Executive Director
	Annette Kelleher	Non-Executive Director
	Mark Reckitt	Non-Executive Director
	Pete Raby	Non-Executive Director
	Leigh-Ann Russell	Non-Executive Director
	Farrokh Batliwala	Non-Executive Director
Company Secretary of the Company	Alex Henderson	
Registered Office of the Company	Westhaven House Arleston Way Shirley Solihull West Midlands B90 4LH	
Sponsor and Financial Adviser to the Company	N.M. Rothschild & Sons Limited New Court St Swithin's Lane London EC4N 8AL	
Legal Advisers to the Company	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES	
Company Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ	

PART 1

LETTER FROM THE CHAIR OF HILL & SMITH HOLDINGS PLC

Directors

Alan Giddins (*Executive Chair*)
Hannah Nichols (*Group Chief Financial Officer*)
Tony Quinlan (*Senior Independent Non-Executive Director*)
Annette Kelleher (*Non-Executive Director*)
Mark Reckitt (*Non-Executive Director*)
Pete Raby (*Non-Executive Director*)
Leigh-Ann Russell (*Non-Executive Director*)
Farrokh Batliwala (*Non-Executive Director*)

Registered Office

Westhaven House
Arleston Way
Shirley
Solihull
West Midlands B90 4LH

17 August 2022

Dear Shareholder

DISPOSAL OF FRANCE GALVA SA TO ZINQ FRANCE SAS AND SOFIGALVA SAS

1. Introduction

On 25 July 2022, Hill & Smith announced the potential sale of its wholly-owned subsidiary France Galva SA ("**France Galva**") to ZINQ France SAS ("**ZINQ**") and Sofigalva SAS ("**Sofigalva**") and together with ZINQ, the "**Purchasers**") (the "**Disposal**") for a net equity purchase price of €72.6m (c.£61.3m) and the granting of a put option in favour of the Group by the Purchasers (the "**Put Option**") to effect the Disposal. Hill & Smith subsequently announced on 11 August 2022 that the Put Option had been exercised and a share purchase agreement (the "**Share Purchase Agreement**") entered into. Information on the background to and reasons for the Disposal are set out in paragraph 3 below. France Galva and its subsidiaries (together, the "**France Galva Group**") constitute Hill & Smith's French galvanizing and steel lighting column operations. Further information on the France Galva Group is set out in paragraph 4 below.

The President of the board of directors and the Managing Director of France Galva is Mr Christophe Delot ("**Mr Delot**"). Mr Delot is also the President and majority owner of Sofigalva SAS ("**Sofigalva**"), one of the Purchasers and a company newly incorporated for the purposes of the Disposal. As a result of Mr Delot's 42.86 per cent shareholding in Sofigalva (expected to be held through DEC-INVEST SAS ("**DEC-INVEST**"), a company connected to him, at Completion), Sofigalva is considered to be an associate of Mr Delot and therefore a related party of Hill & Smith for the purposes of the Listing Rules. The Disposal therefore constitutes a related party transaction for Hill & Smith under the Listing Rules and is conditional upon the approval of Shareholders.

Accordingly, a general meeting at which Shareholders will be asked to approve the Disposal, as more fully set out in the Notice of General Meeting contained in Part 5 (*Notice of General Meeting*) of this document, is being convened for 11.00 a.m. (London time) on 5 September 2022 at Hill & Smith Holdings PLC, Westhaven House, Arleston Way, Shirley, Solihull, West Midlands, B90 4LH (the "**General Meeting**"). Further information on the arrangements for the General Meeting are set out in paragraph 8 below.

The Board considers the Disposal to be in the best interests of Shareholders as a whole and unanimously recommends that Shareholders vote or procure votes in favour of the Resolution to be proposed at the General Meeting, as the Directors intend to do in respect of their aggregate shareholdings in the Company representing approximately 0.05 per cent. of the Company's current issued share capital as at the Latest Practicable Date.

2. **Purpose of this document**

The purpose of this document is to provide you with information on, and explain the background to and reasons for, the Disposal, explain why the Board considers the Disposal to be in the best interests of Shareholders as a whole and recommend that you vote in favour of the Resolution to be proposed at the General Meeting.

Shareholders should read the whole of this document and not rely solely on the summarised information set out in this letter. You will find definitions for capitalised terms used in this letter and the rest of this document in Part 4 (*Definitions*).

3. **Background to and reasons for the Disposal**

Hill & Smith follows a structured and disciplined portfolio management strategy. The Group is consistently looking to ensure that the operating companies which make up Hill & Smith fit with its targeted growth rates and operating margins, while also being exposed to long-term growth markets. The net proceeds arising from the completion of the Disposal will be used to reduce the Group's net debt, providing greater financial headroom, flexibility and firepower to support further organic and inorganic growth in the Group's key chosen markets.

France Galva was acquired in full by Hill & Smith in 2008. Since then, France Galva has been a profitable and cash generative part of the Group and has maintained a strong market position in France. However, the forecast growth rates for France Galva do not meet the Group's long-term growth ambitions and its operating margins are below the Group average, reflecting the competitive nature of the French market. Given that the Group's galvanizing operations serve local geographical markets, the Disposal will have no impact on its higher growth, higher margin galvanizing operations in the UK and US, both of which Hill & Smith remains committed to in the long-term.

The Disposal entails the sale of the Group's French galvanising and steel lighting column operations, through the sale of the entire issued share capital of France Galva to a consortium comprising the Purchasers for a net equity purchase price of €72.6m (c.£61.3m). Sofigalva and ZINQ, as joint purchasers, granted the Put Option to the Group on 24 July 2022 pursuant to which, and subject to the completion of an information and consultation process with the French works councils of two of the subsidiaries of France Galva, the Group had the right, but not the obligation, to require Sofigalva and ZINQ to purchase the entire issued share capital and voting rights of France Galva on the terms of the Share Purchase Agreement.

The information and consultation process was completed, and Hill & Smith exercised the Put Option, entering into the Share Purchase Agreement with the Purchasers on 10 August 2022, and the Board also announced its recommendation of the Disposal.

4. **Information on France Galva**

France Galva is a France-based galvanising group, comprising of three main business areas:

- Hot-dip galvanising;
- Painting and powder-coating of galvanised steel; and
- Fabrication of lamp posts and public lighting columns.

France Galva operates ten sites across France, employing approximately 680 people.

For the years ended 31 December 2021, 2020, and 2019, the France Galva Group reported underlying operating profit of €10.0m (c.£8.7m) (which included a one-off gain of €0.7m (c.£0.6m) relating to the disposal of a property asset), €5.6m (c.£5.0m) and €6.7m (c.£5.9m), respectively, on revenue of €92.5m (c.£79.8m), €81.4m (c.£72.0m) and €88.3m (c.£77.5m).

5. Principal terms and conditions of the Disposal

On 10 August 2022, Hill & Smith (France) Limited (the “**Seller**”) (a wholly-owned subsidiary of Hill & Smith), Hill & Smith and the Purchasers (together, the “**Parties**”) entered into the Share Purchase Agreement, pursuant to which the Seller agreed, on the terms and subject to the conditions of the Share Purchase Agreement, to sell the entire issued share capital of France Galva to the Purchasers.

Under the Share Purchase Agreement, Sofigalva will acquire 43 per cent. and ZINQ will acquire 57 per cent. of the share capital and voting rights of France Galva. The purchase price to be paid by the Purchasers on completion of the Disposal (“**Completion**”) is €96.5m (c.£81.4m) less the amount of a pre-completion dividend of €23.9m (c.£20.2m), which the Seller will apply in settlement of an intercompany loan from France Galva to the Seller. If the Disposal completes on or after 15 October 2022, the Purchasers are required to pay an additional amount of €20,000 for each day from (and including) 15 October 2022 up to (and including) the earlier of (i) the date of Completion and (ii) 31 October 2022 (equating up to a maximum additional amount of €340,000).

The Disposal constitutes a related party transaction for Hill & Smith under the Listing Rules and Completion is therefore conditional upon the passing of the Resolution by Shareholders (the “**Condition**”), as well as other customary closing requirements including the drawdown of funds by the Purchasers. Completion is expected to occur during September 2022. The Share Purchase Agreement shall terminate, and the Disposal will not complete, if the Condition has not been fulfilled by 15 November 2022 (the “**Long Stop Date**”).

Under the Share Purchase Agreement, the Seller has given warranties and representations to the Purchasers only in respect of matters of ownership, corporate existence, and its authority to make the Disposal and an indemnity in respect of any unapproved value leakage to the Group in the period from 1 January 2022 until Completion. Further details of the Share Purchase Agreement are contained in Part 2 (*Summary of the Share Purchase Agreement*) of this document.

6. Information on the Purchasers

Established in 1889, ZINQ Group (of which ZINQ is a wholly owned subsidiary) employs over 1,800 people and provides hot-dip galvanising services from approximately 50 plants across Europe. ZINQ Group is solely owned by Mr Lars Baumgürtel, who was formerly the Managing Director of Zinkinvent GmbH, which owned France Galva prior to Hill & Smith’s ownership.

Sofigalva is a newly incorporated entity for the purpose of effecting the Disposal. Should Completion occur, Mr Delot is expected to be the majority owner (alongside local financial investors Caisse d’Epargne and Banque Populaire Bourgogne Franche-Comté) and President of Sofigalva. Mr Delot is the current President of the Board of Directors and the Managing Director of France Galva.

Other than Mr Delot, no other individuals which are considered key to Hill & Smith will be exiting the Group by virtue of the Disposal.

As a result of Mr Delot holding the positions of President on the board of directors and Managing Director of France Galva, and holding 42.86 per cent of the shares of Sofigalva (expected to be held through DEC-INVEST, a company connected to him, at Completion), one of the Purchasers, is considered to be an associate of Mr Delot and therefore a related party of Hill & Smith under the Listing Rules. The Disposal therefore constitutes a related party transaction for Hill & Smith under the Listing Rules and is conditional upon the approval of Shareholders at the General Meeting, as well as other customary closing requirements including the drawdown of funds by the Purchasers. The Disposal also constitutes a Class 2 transaction under the Listing Rules.

7. Use of proceeds and financial effects

The net cash proceeds arising from the Disposal are expected to be approximately €72.6m (c.£61.3m), after the cashless settlement of an intercompany loan of €23.9m (c.£20.2m) from France Galva to the Seller. These proceeds will reduce the Group’s net debt.

As at 31 December 2021, the France Galva Group had gross assets before the deduction of any liabilities and excluding the intercompany loan referred to above, of €80.5m (c.£67.6m), representing approximately 10 per cent. of the Group's gross assets as at 31 December 2021.

The Disposal is expected to be dilutive to Hill & Smith's earnings per share and accretive to the Group's operating profit margin and return on invested capital.

8. **General Meeting**

The General Meeting has been convened for 11.00 a.m. (London time) on 5 September 2022 at Hill & Smith Holdings PLC, Westhaven House, Arleston Way, Shirley, Solihull, West Midlands, B90 4LH for Shareholders to consider and, if thought fit, pass the Resolution.

The Resolution, set out in the Notice of General Meeting in Part 5 (*Notice of General Meeting*) of this document, proposes that (i) the Disposal be approved; and (ii) the Directors be authorised to take all steps as may be necessary, expedient or desirable to implement the Disposal.

The Disposal will not complete unless the Resolution is passed. The Notice of General Meeting is set out at the end of this document. The Board considers that the Disposal is in the best interests of Hill & Smith and Shareholders as a whole and recommends that Shareholders vote in favour of the Resolution, as the Directors intend to do in respect of their own legal and beneficial holdings of Ordinary Shares.

Your attention is drawn to the section entitled "*Action to be taken*" on pages 1 to 2 of this document, which explains the actions you should take in relation to the General Meeting.

9. **Further information**

Your attention is drawn to the additional information set out in Part 3 (*Additional Information*) of this document, and to the Notice of General Meeting set out in Part 5 (*Notice of General Meeting*) of this document. You should read the whole of this document and the accompanying Form of Proxy and not rely solely on the information summarised in this letter.

A copy of this document and the Form of Proxy are and will be available for inspection on Hill & Smith's website at <https://www.hsholdings.co.uk/investors>.

10. **Recommendation**

The Directors, who have been so advised by Rothschild & Co., acting in its capacity as sponsor, consider that the terms of the Disposal are fair and reasonable as far as Shareholders are concerned. In giving its advice, Rothschild & Co. has taken account of the Board's commercial assessment of the Disposal. The Board considers the Disposal to be in the best interests of Shareholders as a whole.

Accordingly, the Board recommends that Shareholders vote or procure votes in favour of the Resolution to be proposed at the General Meeting, as the Directors intend to do in respect of their aggregate shareholdings in the Company representing approximately 0.05 per cent. of the Company's current issued share capital as at the Latest Practicable Date.

Yours faithfully,

Alan Giddins
Executive Chair of Hill & Smith Holdings PLC

PART 2

SUMMARY OF THE SHARE PURCHASE AGREEMENT

1. Parties and structure

On 10 August 2022, the Seller, Hill & Smith and the Purchasers entered into the Share Purchase Agreement, pursuant to which the Seller agreed, on the terms and subject to the conditions of the Share Purchase Agreement, to sell the entire issued share capital of France Galva to the Purchasers in the following proportions: (i) 43 per cent. of its shareholding to Sofigalva; and (ii) 57 per cent. of its shareholding to ZINQ.

2. Consideration

The consideration (the “**Purchase Price**”) will be paid in cash on Completion and comprises:

- the amount of €96.5m (c.£81.4m); less
- the amount of €23.9m (c.£20.2m), being a pre-completion dividend to be paid to the Seller by France Galva prior to Completion for a cashless settlement of an intercompany loan from France Galva to the Seller; plus
- if Completion takes place on or after 15 October 2022, an additional amount of €20,000 for each day from (and including) 15 October 2022 up to (and including) the earlier of (i) the date of Completion and (ii) 31 October 2022 (equating up to a maximum additional amount of €340,000).

The Share Purchase Agreement contains customary locked box provisions to allow the Purchasers to recover any unapproved value transferred out of the France Galva Group to the Group in the period from 1 January 2022 until Completion, subject to certain customary and limited exceptions (including the pre-completion dividend). The Seller has agreed to indemnify the Purchasers on a pro rata basis in respect of any unapproved value leakage provided that the Seller is notified within three months of Completion of a relevant claim and that, if the relevant claim is not agreed by the Seller, arbitration proceedings are brought against the Seller within three months of it being notified of such claim.

3. Condition to Completion

The obligation of the Parties to complete the Disposal is subject to the Shareholders having approved the Disposal for the purposes of Listing Rule 11. The Condition is incapable of waiver.

Hill & Smith had agreed to use its reasonable endeavours to ensure, that, subject to approval by the FCA and to the statutory and fiduciary duties of the Directors, this document was published and posted to Shareholders as soon as possible following signature of the Share Purchase Agreement.

4. Seller's representations and warranties

The Seller has given representations and warranties to the Purchasers in respect of: (i) its capacity and authority to enter into and perform the Share Purchase Agreement; (ii) its title to the shares in France Galva; and (iii) the due incorporation of the group companies in the France Galva Group.

The representations and warranties given by the Seller will be deemed to be repeated on Completion.

5. Purchasers' and Mr Delot's representations and warranties and undertakings

The Purchasers have given representations and warranties on a several (but not joint) basis to the Seller in respect of: (i) their capacity and authority to enter into and perform the Share Purchase Agreement; (ii) their access to the required funds to pay their respective portion of the Purchase Price along with any and all other amounts, costs and expenses incurred by them respectively in

connection with the Share Purchase Agreement; and (iii) the due diligence carried out by them respectively in relation to the France Galva Group and that they have acquired sufficient knowledge of the industry in which the France Galva Group operates.

Mr Delot has given representations and warranties as at the date of Completion that he has complied with the conduct of business undertakings given by him (summarised at paragraph 6 of this Part 2 (*Summary of the Share Purchase Agreement*)) until the date of Completion.

Following Completion, the Purchasers intend to carry out a restructuring of the share capital of the France Galva Group such that following Completion they shall each exclusively control, directly or indirectly, certain allocated group companies in the France Galva Group (**"Share Capital Redemption"**). The Purchasers have given a representation to the Seller that no agreement exists between them that would qualify as common control of the France Galva Group following completion of the Share Capital Redemption.

The representations and warranties given by the Purchasers will be deemed to be repeated on Completion.

The Purchasers have given certain post-Completion undertakings including that they will (i) initiate the Share Capital Redemption within ten Business Days following Completion; (ii) grant reasonable access to the Seller and its representatives (being its affiliates and each of their respective directors, officers, employees, agents, auditors, consultants and advisers) to the books and records of the France Galva Group companies relating to the period up to Completion, to the extent necessary for the Seller to prepare its tax returns and financial statements and to handle any claims or proceedings; (iii) provide certain financial and other information of the France Galva Group companies for the period from 1 January 2022 up to Completion; and (iv) not bring any claim against any former or current director, manager, officer or employee of any France Galva Group company with respect to any management decisions adopted by any of them prior to Completion or bring any claim against any member of the Seller's group (being the Seller and its affiliates but not including the France Galva Group companies as of Completion) and any of their respective former and current directors, managers, officers and employees with respect to any cooperation steps undertaken by any of them to assist the Purchasers and the France Galva Group companies with the completion of any actions required in connection with completion of the Disposal.

6. **Conduct of the France Galva business prior to Completion**

The (i) President and Managing Director; (ii) the President; and (iii) the Managing Director (as the case may be) of the France Galva Group companies (including Mr Delot) have undertaken that the France Galva Group companies that are to be allocated to ZINQ following completion of the Share Capital Redemption will, until the date of Completion, operate and carry on their activities in the ordinary course of business and in the same manner as previously conducted and have given a number of specific undertakings regarding the business and affairs of such companies during this period including that they will not take or commit to take any of the following actions unless authorised in writing by ZINQ or under the Share Purchase Agreement: (i) acquire or sell any securities, material assets or any material interest in any entity; (ii) alter or vary their share capital; (iii) (excluding the pre-completion dividend referenced in paragraph 2 of this Part 2) declare or pay any dividends or purchase or redeem any shares in the share capital of any France Galva Group company (except in the case of France Galva); (iv) approve a winding-up, merger, split-up, contribution or sale of business as a whole or of any divisions of any France Galva Group company allocated to ZINQ (except in the case of France Galva); (v) pay any bonus other than as authorised under the Share Purchase Agreement; (vi) enter into any joint-venture, partnership or other similar arrangement; (vii) purchase, by any France Galva Group company to be allocated to ZINQ, any subsidiary, business or secondary establishment; (viii) appoint any new President or Managing Director of any France Galva Group company (except in the case of France Galva) to be allocated to ZINQ; (ix) make any change in the activities and strategy of the France Galva Group companies to be allocated to ZINQ (except in the case of France Galva); (x) make any change in the accounting principles or policies of the France Galva Group companies to be allocated to ZINQ, except as required by law; (xi) create any other encumbrances or security interest over any of the shares of the France Galva Group companies to be allocated to ZINQ (except in the case of France Galva) or over any assets of any such company; and (xii) enter into any written binding commitment to do any of the above.

The Seller has undertaken not to take or commit to any of the following actions until the date of Completion, unless authorised in writing by the Purchasers or under the Share Purchase Agreement: (i) amend or vary the share capital of France Galva; (ii) (excluding the pre-completion dividend referenced in paragraph 2 of this Part 2) declare or pay any dividends or purchase or redeem any shares in France Galva; (iii) approve a winding-up, merger, split-up, contribution or sale of business as a whole or of any divisions of France Galva; (iv) make any change in the activities and strategies of France Galva; (v) create any other encumbrances over any of the shares of France Galva (except the creation of a new pledge as authorised under the Share Purchase Agreement); and (vi) enter into any written binding commitment to do any of the above.

Additionally, the Seller has undertaken until the date of Completion, not to remove (i) the President and Managing Director; (ii) the President; and (iii) the Managing Director (as the case may be) of the France Galva Group companies except in the event of wilful misconduct or fraud and not to appoint any person to such role unless such appointment is required in order to replace any person removed in circumstances of wilful misconduct or fraud. In the event of any such appointment, the Seller is to procure that the newly appointed (i) President and Managing Director; (ii) President; or (iii) Managing Director (as the case may be) of: (a) any France Galva Group company to be allocated to Sofigalva following completion of the Share Capital Redemption, shall operate and carry on the activities of such company in the ordinary course of business and in substantially the same manner as previously conducted; and (b) any France Galva Group company to be allocated to ZINQ, to comply with the undertakings set out in the Share Purchase Agreement (and as summarised in the first paragraph of this section).

Until the date of Completion, Mr Delot has undertaken not to (i) increase his remuneration, bonus allocation or financial compensation of any kind in respect of any of his positions within the France Galva Group companies or make any payment in any form for any reason outside his existing remuneration; or (ii) appoint any new President or Managing Director of any of the France Galva Group companies.

7. Seller and Hill & Smith non-solicit undertakings

The Seller and Hill & Smith have given an undertaking to the Purchasers that each of them and their respective affiliates will not, directly or indirectly, for a period of three years from the date of Completion: (i) solicit any person who is or was employed or engaged as a consultant to any member of the France Galva Group during the period of 24 months immediately prior to the date of Completion, where such person has, or is aware, of any confidential information or would be in a position to exploit any trade connection of any member of the France Galva Group; or (ii) induce any client, customer, supplier, distributor or agent of any member of the France Galva Group to cease or refrain from conducting business with, or to reduce the amount of business conducted with or to vary adversely the terms upon which it conducts business with, such member of the France Galva Group.

8. Completion deliverables

At Completion, the Parties have agreed to deliver customary deliverables including certain confirmations and documents required to satisfy the Purchasers' funding conditions and to ensure that the Purchasers will have access to the required funds to pay the Purchase Price at Completion.

9. Termination

The Share Purchase Agreement shall automatically terminate on the Long Stop Date if the Condition has not been fulfilled by that date.

If the Share Purchase Agreement is terminated no party shall have any claim under the Share Purchase Agreement except: (i) in respect of any rights and liabilities which have accrued before termination; or (ii) under certain miscellaneous provisions of the Share Purchase Agreement including the confidentiality obligations.

10. **Governing law and jurisdiction**

The Share Purchase Agreement is governed by French law. Any disputes arising under or in connection with the Share Purchase Agreement are to be settled by arbitration in accordance with the rules of the International Chamber of Commerce by three arbitrators. The place of arbitration shall be Paris. The language of arbitration shall be English.

PART 3

ADDITIONAL INFORMATION

1. Hill & Smith Information

- 1.1 Hill & Smith was incorporated and registered in England and Wales on 30 September 1960 under the Companies Act, 1948 as a private company limited by shares with registered number 00671474, with the name Hill & Smith Limited. In February 1983 it re-registered as a public limited company pursuant to the Companies Act, 1980 and changed its name to Hill & Smith Holdings PLC.
- 1.2 The registered and head office of Hill & Smith is Westhaven House, Arleston Way, Shirley, Solihull, West Midlands, B90 4LH. Hill & Smith's main telephone number is 0121 704 7430.
- 1.3 The principal legislation under which Hill & Smith operates is the Companies Act.

2. Resolution

- 2.1 As described in paragraph 8 of Part 1 (*Letter From the Chair of Hill & Smith Holdings PLC*), and as further described in Part 5 (*Notice of General Meeting*), of this document, the Resolution will be proposed at the General Meeting. The Resolution proposes that (a) the Disposal be approved for the purposes of Listing Rule 11; and (b) the Directors be authorised to take all steps as may be necessary, expedient or desirable to implement the Disposal.
- 2.2 The Resolution will be proposed as an ordinary resolution, meaning it must be approved by Shareholders who together represent a simple majority of the Ordinary Shares being voted (whether in person or by proxy) at the General Meeting. Since the Disposal is a related party transaction, in accordance with the Listing Rules, Mr Delot will not be entitled to vote on the Resolution and he has taken all reasonable steps to ensure that none of his associates will vote on the Resolution.
- 2.3 The Disposal will not proceed unless the Resolution is passed.

3. Significant Shareholders

- 3.1 The following table sets out the names of each person who is, directly or indirectly, interested in voting rights representing three per cent. or more of the total voting rights in respect of the Company's issued share capital as at the Latest Practicable Date, insofar as it is known to the Company by virtue of notifications made to it pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules or otherwise.

Name	Number of voting rights over Ordinary Shares	Percentage of Ordinary Shares held (%) ¹
abrdn	7,867,325	9.84
BlackRock	4,586,321	5.73
Royal London Asset Management	4,099,733	5.13
Invesco	4,044,346	5.06
AXA Framlington Investment Managers	3,505,011	4.38
Vanguard Group	3,465,806	4.33
Mondrian Investment Partners	3,182,389	3.98
Charles Stanley	2,838,264	3.55

Total	35,589,195	41.99
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(1) Percentage interests are presented as at the Latest Practicable Date.

4. **Service Contract of Mr Delot**

Mr. Delot is President of the board of directors (Président du Conseil d'administration) and Managing Director (Directeur Général) of France Galva and is paid base annual compensation of €259,488. Mr. Delot is entitled to an annual bonus, depending on the performance of France Galva. Mr. Delot is entitled to a pro rata annual bonus (in the range of €150,000 to €200,000) to which he may be entitled for the current financial year for the period from 1 January 2022 to Completion. Mr. Delot is not entitled to any bonus in connection with Completion nor is he entitled to any payment on termination of his engagement. Mr. Delot benefits from a pension scheme by way of capitalisation taken out by France Galva and regulated under the legal scheme of article 83 of the French Code général des impôts.

5. **Interests in Ordinary Shares of Mr Delot**

5.1 ***Holdings in Ordinary Shares***

As at the Latest Practicable Date and except as set out in paragraph 5.2, neither Mr Delot nor any person connected with him, within the meaning of Part 22 of the Companies Act, held any legal or beneficial interest in Ordinary Shares.

5.2 ***Other interests in Ordinary Shares***

As at the Latest Practicable Date, the following options and awards over Ordinary Shares have been granted to Mr Delot:

		Number of Ordinary Shares	Date of grant	Subject to performance conditions	Exercise price	Expiry date
Long-Term Incentive 2021	Plan	4,584 ¹	16 September 2021	Yes	Nil	16 March 2031
Executive Option Plan 2018	Share	18,000	18 August 2018	Yes ²	£11.13 per Ordinary Share	18 August 2028

(1) As a result of Mr Delot exiting the Group on Completion, awards granted under the Long-Term Incentive Plan 2021 will remain valid for the performance period of 1 January 2020 to 31 December 2023 however any vesting will be limited to a pro-rating of the award from 1 January 2020 to the date of Completion in accordance with the rules of the plan. The number of Ordinary Shares to be issued to Mr Delot on exercise of the award will remain subject to the performance conditions.

(2) Awards granted under the Executive Share Option Plan 2018 were subject to performance conditions that have been met and so can now be exercised. As a result of Mr Delot exiting the Group on Completion, such awards must be exercised within six months from the date of Completion in accordance with the rules of the plan.

6. **Related Party Transactions**

During the period between 30 June 2022 (being the date to which Hill & Smith's last interim accounts were prepared) and the Latest Practicable date, except as set out in this document, no related party transactions were entered into with Mr Delot or any of his associates by any member of the Group.

7. **Material Contracts**

The following is a summary of the material contracts (not being entered into in the ordinary course of business) which have been entered into by Hill & Smith or a member of the Group within two years immediately preceding the date of this document and which are or may be material to Hill & Smith,

and those other contracts (not being entered into in the ordinary course of business) which contain any provision under which Hill & Smith or a member of the Group has any obligation or entitlement which is or may be material to Hill & Smith at the date of this document (to the extent they are information which Shareholders would reasonably require to make a properly informed decision on how to vote on the Resolution).

7.1 ***Contracts relating to the Disposal***

A description of the principal terms of the Share Purchase Agreement is set out in Part 2 (*Summary of the Share Purchase Agreement*).

7.2 ***Hill & Smith material contracts***

Acquisition of Prolectric Services Limited

On 1 March 2021, Hill & Smith Limited (a wholly-owned subsidiary of Hill & Smith) acquired the entire issued share capital of Prolectric Services Limited ("**Prolectric**"), a company which specialises in off-grid solar energy solutions.

The consideration paid by Hill & Smith Limited comprised of £12.5m payable in cash on completion with a further amount in cash of up to £5.7m payable by Hill & Smith Limited subject to Prolectric's achievement of certain financial performance targets in the 12 month period to 31 March 2022. No payment became due to the sellers under the earn-out provisions included in the agreement. The sellers agreed to indemnify Hill & Smith Limited in respect of any unapproved value transferred out of Prolectric and/or any of its subsidiaries to the sellers or any of their connected persons in the period from 31 December 2020 to 1 March 2021, subject to certain customary and limited exceptions.

The sellers gave warranties and a tax covenant in favour of Hill & Smith Limited which were customary for a transaction of this nature. The liability of the warrantors under the warranties (other than the title and capacity warranties) and the tax covenant is capped at the consideration actually received or due to be received by the warrantor. The warrantors shall not be liable for any claim under the warranties unless such claim exceeds an amount equal to 0.1% of the consideration and the amount of the warrantors' liability in respect of such claim, either individually or when aggregated with their liability for all other claims, must exceed an amount equal to 1% of the consideration. Any warranty claim must be brought within the period of seven years from completion for all claims under the tax warranties and under the tax covenant (being 1 March 2028) and within the period of 18 months from completion for all other claims under the warranties (being 1 September 2022).

Revolving Credit Facility

Hill & Smith entered into a multicurrency £163.0m, US\$110.0m and €35.0m revolving facilities agreement on 26 April 2011, which was amended and restated on 2 June 2014, amended by way of an amendment letter dated 8 August 2014, amended and restated on the 13 May 2016 and 10 January 2019, amended by way of amendment letters dated 13 June 2019, 11 December 2019 and 5 June 2020 and further amended and restated on 16 December 2021, with a syndicate of lenders namely Barclays Bank PLC, HSBC UK Bank plc, The Royal Bank of Scotland plc, Svenska Handelsbanken AB (publ), and The Governor and Company of the Bank of Ireland (together the "**Lenders**") with a termination date of 14 December 2023 (the "**2011 Revolving Credit Facility**").

The 2011 Revolving Credit Facility is available for the general corporate and working capital purposes of the Group, including acquisitions of companies, businesses or undertakings as permitted under the 2011 Revolving Credit Facility.

£114.9m has been drawn under the 2011 Revolving Credit Facility as at the Latest Practicable Date with interest being determined in accordance with the rate agreed for the relevant currency. The 2011 Revolving Credit Facility is unsecured but has been guaranteed by certain group companies. Under the terms of the 2011 Revolving Credit Facility, a pledge over Hill & Smith's shareholding in France Galva was granted to the Lenders in respect of the liabilities owing under the 2011 Revolving Credit Facility.

The 2011 Revolving Credit Facility is documented on terms which are customary for a listed company. Under the terms of the 2011 Revolving Credit Facility, Hill & Smith is required to seek the consent of the lenders in order to complete the Disposal and such consent has been obtained as at the date of this document.

The Private Placement Agreement

Hill & Smith (along with two other Group companies) entered into a note purchase and private shelf agreement with PGIM, Inc and certain purchasers comprising of US\$35.0m Series A Senior Notes with an interest rate of 3.81 per cent. (being due on 25 June 2026) and, US\$35.0m Series B Senior Notes with an interest rate of 4.03 per cent. (being due on 25 June 2029) with a private shelf facility with an aggregate availability across the facility of US\$125.0m on 25 June 2019 (and which was further amended by way of an amendment letter on 11 December 2019), (the “**Private Placement Agreement**”).

The Private Placement Agreement proceeds are to be used for general corporate purposes.

£57.9m Series A Senior Notes and Series B Senior Notes have been issued as at the Latest Practicable Date. This Private Placement Agreement is unsecured but guaranteed by certain Group companies. Under the terms of the Private Placement Agreement, a pledge over Hill & Smith's shareholding in France Galva was granted to the purchasers in respect of the liabilities owing under the Private Placement Agreement.

The Private Placement Agreement is documented on terms which are customary for a listed company. Under the terms of the Private Placement Agreement, Hill & Smith is required to seek the consent of the noteholders in order to complete the Disposal and such consent has been obtained as at the date of this document.

8. **No significant change**

There has been no significant change in the financial position of Hill & Smith since 30 June 2022, being the end of the last financial period for which interim financial information of Hill & Smith has been published.

9. **Consents**

Rothschild & Co. has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they are included.

10. **Documents available for inspection**

Copies of the following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays in the United Kingdom excepted) for a period beginning on (and including) the date of this document until the conclusion of the General Meeting at Hill & Smith's registered address at Westhaven House, Arleston Way, Shirley, Solihull, West Midlands, B90 4LH and also can be viewed electronically on Hill & Smith's website at <https://www.hsholdings.co.uk/investors> from the date of this document until Completion or termination of the Disposal in accordance with its terms:

- 10.1 this document;
- 10.2 the Form of Proxy;
- 10.3 the Announcement;
- 10.4 copies of the written consent from Rothschild & Co. referred to at paragraph 9 of this Part 3 (*Additional Information*); and
- 10.5 the Articles.

PART 4

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise.

“Announcement”	the RNS (regulatory news service) announcement in respect of the Disposal made by Hill & Smith on 25 July 2022
“Articles”	the articles of association of Hill & Smith
“Board” or “Directors”	the board of directors of Hill & Smith as at the date of this document whose names are set out on page 4 of this document
“Business Day”	a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for normal business in London
“Certificated” or “Certificated Form”	shares not recorded on the relevant register of members as being in uncertificated form by virtue of the CREST Regulations
“Companies Act”	the Companies Act 2006, as amended from time to time
“Completion”	completion of the Disposal
“Condition”	the condition in the Share Purchase Agreement as summarised in paragraph 3 of Part 2 (<i>Summary of the Share Purchase Agreement</i>) of this document
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in such Regulations) in accordance with which securities may be held and transferred in uncertificated form
“CREST Manual”	the CREST Manual published by Euroclear, as amended from time to time
“CREST Proxy Instruction”	a proxy appointment or instruction made using the CREST system
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
“DEC-INVEST”	DEC-INVEST SAS, a French société par actions simplifiée, having its registered office located at 7 allée du Petit Bois 89000 Saint-Georges-sur-Baulche, France, registered with the Trade and Companies Register of Auxerre under number 914 793 666
“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules of the FCA
“Disposal”	the disposal by the Seller to the Purchasers of France Galva for the consideration described in the Share Purchase Agreement and summarised in Part 2 (<i>Summary of the Share Purchase Agreement</i>) of this document, which constitutes a related party transaction for the purposes of the Listing Rules
“EPA”	electronic proxy appointment
“Computershare”	Computershare Investor Services PLC, Hill & Smith’s registrar

“EU”	the European Union
“Euroclear”	Euroclear UK & International Limited, a company incorporated in England and Wales
“FCA”	the Financial Conduct Authority
“Form(s) of Proxy”	the Form of Proxy for use at the General Meeting, which is being sent to Shareholders with this document
“France Galva”	France Galva SA, a société anonyme organized under the laws of France with a share capital of EUR 7,700,000 having its registered office located at Zone Industrielle La Saunière, 89600 Saint-Florentin, France registered with the Trade and Companies Register of Auxerre under number 415 399 450
“France Galva Group”	France Galva and its subsidiaries and subsidiary undertakings
“FSMA”	the Financial Services and Markets Act 2000, as amended
“General Meeting”	the general meeting of Shareholders being convened in connection with the Disposal to consider and, if thought fit, pass the Resolution (or any adjournment thereof)
“Group”	Hill & Smith and its subsidiaries and subsidiary undertakings
“Hill & Smith” or the “Company”	Hill & Smith Holdings PLC, a public limited company incorporated in England and Wales with registered number 00671474, whose ordinary shares are admitted to the premium listing segment of the Official List and traded on the Main Market
“Latest Practicable Date”	close of business on 15 August 2022
“Listing Rules”	the rules and regulations made by the FCA in its capacity as the competent authority under FSMA, and contained in the FCA’s publication of the same name
“Long Stop Date”	the date by which the satisfaction of the Condition must occur under the Share Purchase Agreement, being 15 November 2022
“Main Market”	London Stock Exchange plc’s main market for listed securities
“Market Abuse Regulation”	the Market Abuse Regulation EU 596/2014 as it forms part of retained EU law as defined in the European Union (Withdrawal) Act 2018
“Mr Delot”	Christophe Delot, President of the board of directors and Managing Director of France Galva and therefore a related party of Hill & Smith
“Notice of General Meeting”	the notice of the General Meeting included at Part 5 (<i>Notice of General Meeting</i>) of this document
“Official List”	the official list maintained by the FCA
“Ordinary Shares”	the voting ordinary shares of 25 pence each in the capital of Hill & Smith

"Purchase Price"	the purchase price payable by the Purchasers to the Seller as defined in paragraph 2 of Part 2 (<i>Summary of the Share Purchase Agreement</i>) of this document
"Purchasers"	ZINQ France SAS and Sofigalva SAS
"Put Option"	the put option deed entered into on 24 July 2022 between the Purchasers and the Seller in relation to the Disposal
"Regulatory Information Service"	any of the services authorised by the FCA from time to time for the purpose of disseminating regulatory announcements
"Resolution"	the ordinary resolution set out in Part 5 (<i>Notice of General Meeting</i>) of this document, being the resolution to approve the related party transaction for the purposes of Listing Rule 11
"Rothschild & Co."	N.M. Rothschild & Sons Limited, the Company's sponsor and financial adviser in connection with the Disposal
"Seller"	Hill & Smith (France) Limited, a private limited company incorporated in England and Wales with registered number 06768033
"Share Capital Redemption"	has the meaning given in paragraph 5 of Part 2 (<i>Summary of the Share Purchase Agreement</i>) of this document
"Share Purchase Agreement"	the share purchase agreement dated 10 August 2022 entered into between the Seller, Hill & Smith and the Purchasers in relation to the Disposal
"Shareholder Helpline"	0370 707 1058 (from within the UK) or +44 (0)370 707 1058 (from outside the UK)
"Shareholders"	the registered holders of Ordinary Shares from time to time
"Sofigalva"	Sofigalva SAS, a French société par actions simplifiée, having its registered office located at Zone Industrielle La Saunière, 89600 Saint-Florentin, France, registered with the Trade and Companies Register of Auxerre under number 914 792 312
"Subsidiary"	has the meaning given in section 1159 of the Companies Act
"Subsidiary Undertaking"	has the meaning given in section 1162 of the Companies Act
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"Voting Record Time"	6:30 pm (London time) on 1 September 2022 (or, in the event that the General Meeting is adjourned, 6:30 pm (London time) on the date which is two Business Days prior to the date fixed for the adjourned meeting)
"ZINQ"	ZINQ France SAS, a French société par actions simplifiée, having its registered office located at Zone Industrielle du Pont Panay, France, registered with the Trade and Companies Register of Cusset under number 413 764 598

All references to statutory provisions or laws or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

PART 5

NOTICE OF GENERAL MEETING

NOTICE OF GENERAL MEETING OF HILL & SMITH HOLDINGS PLC

Notice is hereby given that a general meeting of Hill & Smith Holdings PLC (the "**Company**") will be held at 11.00 a.m. (London time) on 5 September 2022 at Hill & Smith Holdings PLC, Westhaven House, Arleston Way, Shirley, Solihull, West Midlands, B90 4LH for the purpose of considering and, if thought fit, passing the following resolution (the "**General Meeting**").

The resolution is being proposed as an ordinary resolution.

ORDINARY RESOLUTION

THAT (a) the proposed sale by the Company's wholly-owned subsidiary Hill & Smith (France) Limited (the "**Seller**") of France Galva SA and its business, substantially on the terms and subject to the conditions set out in the Share Purchase Agreement dated 10 August 2022 made between the Seller, the Company and ZINQ France SAS and Sofigalva SAS, as described in the circular to the shareholders of the Company dated 17 August 2022 (the "**Disposal**"), be and is hereby approved; and (b) the directors of the Company (the "**Directors**") (or any duly constituted committee of the board of Directors) be and are hereby authorised to take all necessary or appropriate steps and to do all necessary or appropriate things to implement, complete or procure the implementation or completion of the Disposal and give effect thereto with such modifications, variations, revisions, waivers or amendments (not being modifications, variations, revisions, waivers or amendments to the terms of the Disposal of a material nature) as the Directors (or any duly authorised committee of the board of Directors) may deem necessary, expedient or appropriate in connection with the Disposal.

By order of the board of Directors of the Company

Alex Henderson

Company Secretary

17 August 2022

Registered office:

Hill & Smith Holdings PLC

Westhaven House

Arleston Way

Shirley

Solihull

West Midlands B90 4LH

Registered in England & Wales No 00671474

Notes to the Notice of General Meeting

1. The right to vote at the General Meeting is determined by reference to the Company's register of members. Only a shareholder entered in the Company's register of members at 6:30 pm on 1 September 2022 (or, in the event that the General Meeting is adjourned, on the register of members at 6:30 pm on the date which is two Business Days prior to date of the adjourned meeting) is entitled to vote at the General Meeting and a shareholder may vote in respect of the number of ordinary shares registered in that shareholder's name at that time. Changes to the entries in the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
2. **Shareholders are entitled to appoint a proxy to vote on their behalf at the General Meeting. To be valid, a Form of Proxy, duly completed, signed or sealed (as appropriate) and dated, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be returned to the Company's Registrar, Computershare, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ so as to arrive no later than 11.00 a.m. on 1 September 2022 or not less than 48 hours (excluding non-Business Days) before the time of any adjourned meeting.**
3. The Form of Proxy must be executed, in the case of an individual, by the shareholder or his or her attorney duly authorised in writing, or, in the case of a corporation, either under seal on its behalf by a duly authorised officer or attorney of the corporation, or in any other manner authorised by its constitution.
4. In the case of joint registered holders, the signature of only one holder will be accepted and the vote of the senior holder who tenders a vote by proxy will be accepted to the exclusion of any votes of the other joint holders. For this purpose, seniority will be determined by the order in which the names stand on the register of members of the Company in respect of the relevant joint holding.
5. Alternatively, a shareholder may appoint a proxy electronically either via the website run by Computershare at www.investorcentre.co.uk/eproxy using the Meeting Control Number, PIN and Shareholder Reference Number provided on the Form of Proxy or, if such shareholder is a CREST member, by using the procedure described in paragraph 6 below. An electronic proxy appointment will not be valid if received later than 11.00 a.m. on 1 September 2022, or, in the case of any adjournment of the General Meeting, later than 48 hours (excluding non-Business Days) before the time fixed for the adjourned meeting, and will not be accepted if found to contain a computer virus.
6. CREST members who wish to appoint a proxy through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual, which can be viewed at www.euroclear.com. 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.
7. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The CREST Proxy Instruction, 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 3RA50) by no later than 11.00 a.m. on 1 September 2022, or, in the case of any adjourned meeting, not less than 48 hours (excluding non-Business Days) before the time fixed for such adjourned meeting. 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. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
8. CREST personal members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear 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 sponsored member or has appointed a voting service provider(s), to procure that his or her 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 regard, 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.

9. 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.
10. Any corporation which is a shareholder may appoint one or more corporate representatives who may exercise on its behalf all of its powers provided that they do not exercise their powers differently in relation to the same shares.
11. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act to enjoy information rights (a Nominated Person) may have a right, under an agreement between him or her and the shareholder by whom he or she was nominated, to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
12. The statements of the rights of shareholders in relation to the appointment of proxies in paragraphs 2 to 6 above do not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by shareholders of the Company.
13. As at close of business on 15 August 2022, being the latest practicable date prior to the publication of this document, the Company's issued share capital consisted of 79,991,919 ordinary shares of 25 pence each, carrying one vote each. As at such date, the Company held no shares in treasury. Therefore, the total number of voting rights in the Company as at close of business on 15 August 2022, being the latest practicable date prior to the publication of this document, was 79,991,919.
14. The Company must cause to be answered any such question relating to the business to be dealt with at the General Meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company that the question be answered.
15. In accordance with section 311A of the Companies Act, the contents of this Notice of General Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice are available to view and to download on the Company's website at: <https://www.hsholdings.co.uk/investors>.
16. The results of the voting at the General Meeting will be announced through a Regulatory Information Service and will appear on the Company's website at: <https://www.hsholdings.co.uk/investors>.
17. Save as provided above, any communication with the Company in relation to the General Meeting, including in relation to proxies, should be sent to the Company's Registrar, Computershare, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ. Computershare may also be reached by calling the Shareholder Helpline between 8:30 a.m. and 5:30 p.m. (London time) Monday to Friday (excluding English and Welsh public holidays) on 0370 707 1058 (from within the UK) or +44 (0)370 707 1058 (from outside the UK (international rates apply)). Please note that calls may be monitored or recorded and the Shareholder Helpline cannot provide financial, legal or tax advice or advice on the merits of the business to be discussed at the General Meeting. No other means of communication will be accepted. In particular, you may not use any electronic address provided either in this Notice

of General Meeting or in any related documents to communicate with the Company for any purposes other than those expressly stated.