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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS DEFINED UNDER ASSIMILATED REGULATION (EU) NO. 596/2014 WHICH IS PART OF THE LAWS OF THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (AS AMENDED)



DeLaRue

15 October 2024

**De La Rue plc**

## **Proposed sale of Authentication Division for £300m**

De La Rue plc ("De La Rue" or the "Company") today announces that its wholly owned subsidiary, De La Rue Holdings, has entered into a definitive agreement for the sale of the Group's Authentication Division to Crane NXT, Co. ("Crane NXT") and its related entities for a cash consideration representing an enterprise value of £300m (the "Transaction").

### **Transaction highlights**

- Sale of Authentication Division to Crane NXT for cash consideration, representing an enterprise value of £300m, of which 5% to be held in escrow for up to 18 months following Completion
- Realises significant capital and provides cash to the Group for the benefit of all stakeholders by unlocking the intrinsic value of the Authentication Division
- Follows an extensive and wide-reaching process conducted by the Board of De La Rue
- The Board views Crane NXT as a strong buyer for the Authentication Division, following its recent acquisition of OpSec, and recognises it provides an excellent fit for the Authentication Division's people and customers
- Proceeds will create a more resilient and flexible Group, by:
  - Repaying the Group's existing revolving credit facility in full and reducing leverage to a net cash position; and
  - Significantly reducing the deficit on the Group's legacy defined benefit pension scheme ("Pension Scheme") by paying £30m as an accelerated contribution on Completion
- The Group has also agreed to pay an additional £12.5m in deficit repair contributions to the Pension Scheme over the period to April 2027, which will further reduce the Pension Scheme deficit

- The above contributions further assist the Company in exploring a long-term solution for the Pension Scheme
- At the same time, the Group's net cash position will create flexibility for the Board to determine the best option to maximise the intrinsic value of the Currency Division for the benefit of shareholders and other stakeholders
- Completion of the Transaction is subject to a number of conditions, including:
  - Implementation of a reorganisation to effect a divisional separation required to deliver the Authentication Division to Crane NXT on Completion; and
  - Obtaining customary antitrust approvals
- It is currently expected that Completion will occur during the first half of 2025
- Following Completion, De La Rue is expected to comprise the Group's profitable Currency Division, a market leader in its field, with net cash on the balance sheet

This summary should be read in conjunction with the whole of this announcement, including its Appendices. Certain capitalised terms in this announcement bear the meanings set out in Appendix 4.

Clive Whiley, Chairman of De La Rue, stated:

"The sale of our Authentication Division to Crane NXT represents a substantial step forward on our route to realise the underlying intrinsic value of the De La Rue business for the benefit of all stakeholders. We are delighted to reach agreement with a company with the stature of Crane NXT, with its complementary strengths and are confident that the Authentication Division will continue to build on its considerable successes over the past few years.

Completion of the sale will allow us to repay our existing revolving credit facility in full ahead of its maturity on 1 July 2025 and will provide a springboard to unlock further intrinsic value as we move to find a long-term funding solution for the Group's legacy defined benefit pension scheme. In addition, we will be able to focus fully on building and growing our world-leading Currency business."

Aaron W. Saak, Crane NXT's President and Chief Executive Officer, added:

"The acquisition of De La Rue Authentication accelerates our strategy as a market leader in providing trusted technology solutions that secure, detect and authenticate our customers' most valuable assets. Protection from counterfeiting and illicit trade is a priority for governments and leading commercial product brands. This acquisition expands our technology capabilities and will drive profitable growth in new markets."

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## About De La Rue

Established 211 years ago, De La Rue is trusted by governments, central banks, and international brands, providing digital and physical solutions that protect their supply chains and cash cycles from counterfeiting and illicit trade.

With operations in five continents, customers in 140 countries and solutions that include advanced track and trace software, security document design, banknotes, brand protection labels, tax stamps, security features and passport bio-data pages, De La Rue brings unparalleled knowledge and expertise to its partnerships and projects.

Our core focus areas are:

- Currency: designing and manufacturing highly secure banknotes and banknote components that are optimised for security, manufacturability, cash cycle efficacy and public engagement.
- Authentication: leveraging advanced digital software solutions and security labels to protect revenues and reputations from the impacts of illicit trade, counterfeiting, and identity theft.

The security and trust derived from our solutions pave the way for robust economies and flourishing societies. This is underpinned by a significant Environmental, Social, and Governance commitment that is evidenced by accolades such as the ISO 14001 certification and a consistent ranking in the top tier of the Financial Times European Climate Leaders list.

De La Rue's shares are traded on the London Stock Exchange (LSE: DLAR). De La Rue plc's LEI code is 213800DH741LZWJXP78. For further information please visit [www.delarue.com](http://www.delarue.com)

## About Crane NXT

Crane NXT is a premier industrial technology company that provides trusted technology solutions to secure, detect, and authenticate what matters most to its customers. Through its two industry-leading business segments, Security & Authentication Technologies and Crane Payment Innovations, Crane NXT provides customers with advanced technologies to secure high-value physical products, sophisticated detection equipment and systems, and proprietary products and services that protect brand identity and digital content. Crane NXT's approximately 4,500 employees help its customers protect their most important assets and ensure secure, seamless transactions around the world every day. For more information, visit [www.cranenxt.com](http://www.cranenxt.com).

## Further Information

### Background to and rationale for the Transaction

In recent years, the Group has been through a period of unprecedented change. De La Rue pursued a three-year turnaround plan launched in 2020 which focused on growth in both the Authentication Division and the Currency Division, and a Group cost reduction programme. At the outset, some £100m of equity capital was raised to fund the investment into this plan. The Group's turnaround plan was completed early and delivered a cumulative approximate £36m of annualised cost savings. At the same time, the Covid pandemic impacted the currency market directly, compounded by the slow market recovery post the pandemic and the economic impact on many countries of the oil price shock, following Russia's invasion of Ukraine in 2022.

The Group undertook further efficiency initiatives during 2022 and 2023, continuing the streamlining of business operations which had been happening since the start of the turnaround plan in 2020. These had a particular focus on the Currency Division and included the termination of our long-term supply agreement for paper with Portals and the wind down of our operations in Kenya. In the last 12 months, the Group has seen clear progress in underlying trading, with improved order intake within the Currency division and renewal of a number of material long term contracts within the Authentication Division, meeting or exceeding market expectations of performance.

However, the headwinds encountered in 2022 and 2023 and the exceptional cash costs associated with dealing with legacy issues have resulted in the Group's financial leverage becoming disproportionate to the size of the Group's operations (in terms of both the overall liability and ongoing cost to service). In addition, there remains a substantial deficit on the Group's Pension Scheme. Both the Group's financial leverage and the Pension Scheme deficit have become detrimental to the financial performance of the Group, creating conflicting stakeholder objectives.

Clive Whiley was appointed Chairman in May 2023. Following his appointment, he led a detailed review of the core strategic strengths of the Group to determine how best to optimise the underlying intrinsic value of the Group's businesses for the benefit of all stakeholders. In parallel, stakeholder objectives have been managed appropriately to allow the demonstration of these core strengths and the intrinsic value in both the Currency Division and the Authentication Division. This has enabled the Board to engage constructively with a number of parties that have expressed an interest in each of the Group's divisions.

The sale of the Authentication Division to Crane NXT at an enterprise value of £300m will unlock the intrinsic value of that division for the benefit of all De La Rue stakeholders. In particular:

- The Group's revolving credit facility will be repaid in full and cancelled
- The outstanding deficit on the Pension Scheme will be substantially reduced by payment of a pension deficit repair contribution of £30m on Completion
- The resulting net cash position of the Group, together with the reduced deficit on the Pension Scheme post Completion, is expected to materially de-risk the employer covenant provided by the Group to its Pension Scheme and assist in delivering a long-term solution for the Pension Scheme

- Following the Transaction, De La Rue will comprise the Group's profitable Currency Division, a market leader in its field, with net cash on its balance sheet
- The Continuing Group is expected to have the balance sheet strength to operate in a way that maximises its intrinsic value for the benefit of all stakeholders.

### About the Authentication Division

With a long history in physical brand protection, ID documents and physical tax stamps, De La Rue has invested in digital solutions whilst growing the Authentication Division organically and through acquisition during the past decade. Today, it is a market leader in protecting customer revenues and reputations from counterfeiting, illicit trade and identity theft, leveraging its advanced digital software solutions and security labels to protect billions of unique products. The Authentication Division's products and services are delivered across three core segments of Government Revenue Solutions, Brand, and Identification Solutions.

The Authentication Division generated revenue of £102.9m in the year to 30 March 2024 (FY24), an increase of 16.9% on the prior year. Divisional adjusted operating profit for FY24 was £14.6m (FY23: £14.2m) after the allocation of enabling function overheads (at a margin of 14.2%).

The gross assets of the Authentication Division at 30 March 2024 were £83.3m.

As set out in the Company's strategic update announcement on 30 May 2024, over the 12 months prior to that date, the Authentication Division secured four multi-year contract renewals with associated expected future revenues of over £150m; taking the Authentication Division's expected future revenues covered by contracts to over £350m, stretching over 11 years, with most of this due within the next three years.

Additional information about the Authentication Division is included in Appendix 3 to this announcement and historical financial information relating to the Authentication Division is set out in Appendix 2 to this announcement.

### Planned use of proceeds

On Completion of the Transaction, the Company will receive cash consideration representing an enterprise valuation of £300m, adjusted to reflect customary normalisation of working capital, the settlement of inter-company indebtedness and other Completion adjustments. Of this, 5% of the £300m enterprise value will be held in escrow for up to 18 months to secure any claims Crane NXT may have against De La Rue Holdings in connection with Transaction. The net proceeds from the Transaction are expected to be applied at Completion as follows:

- Repayment of the amount drawn on the Group's £160m cash tranche under its revolving credit facility and subsequent cancellation of the facility prior to its expiration on 1 July 2025, thereby removing the material uncertainty that was referred to in De La Rue's FY24 full year results
- Cash collateralisation of any letters of credit or guarantees issued under the £75m guarantee tranche of the Group's revolving credit facility in respect of the Currency Division. At Completion, this cash collateralisation is not expected to exceed £10m

- £30m payment to the Pension Scheme by way of an acceleration of deficit repair contributions due at the back end of the Recovery Plan, thereby reducing the net deficit on the scheme by the same amount
- £4.9m in fees due to the Group's lenders under the revolving credit facility as previously agreed and announced as part of the June 2023 and December 2023 refinancing arrangements
- £2.5m in additional pension deficit repair contributions as previously agreed with the Pension Trustee and announced as part of the June 2023 refinancing arrangements
- approximately £7.6m relating to Transaction costs and other cash outflows, along with £12m relating to separation costs incurred and cash settled prior to Completion.

Following settlement of the items above, the net cash of the Group post-Completion will fund continued operational and strategic progress, including delivery of a long-term de-risking solution for the Pension Scheme.

### **Effect of Transaction on the Group**

The Authentication Division has operated as a separate division within De La Rue since 2019, first reporting as such within the Group's results for the year ended 31 March 2021.

Following Completion of the Transaction, the continuing operations of the Group (the "Continuing Group") will consist of the profitable Currency Division, a market leader in its field. With net cash and the ability to make further efficiency savings, the Board believes the Currency Division will continue to meet the needs of customers, providing market leading currency solutions and driving future cash generation and profitability for the Continuing Group.

As part of the Transaction, the Group's existing facility in Malta will undergo a physical separation to allow both Currency and Authentication to operate independently. The investment at the site announced in 2021 will continue completing the work to make Malta not only a state-of-the-art factory but also the largest banknote facility in the De La Rue portfolio. Malta remains a focus for investment by the Continuing Group.

Any changes to the Continuing Group, including progress on achieving a long term-de-risking solution for the Pension Scheme, will be communicated in due course.

### **Further details of the Transaction**

The Transaction is to be implemented under a put and call option agreement entered into between De La Rue Holdings and the Crane NXT Purchasers on 15 October 2024 (the "P&C Agreement"). The effect of P&C Agreement is to entitle either party to require the other to proceed with the Transaction upon satisfaction of certain conditions. On satisfaction of those conditions, the parties will enter into a share purchase agreement (the "Share Purchase Agreement"), the terms of which have been agreed between De La Rue Holdings and the Crane NXT Purchasers under the P&C Agreement.

Exercise of the options granted under the P&C Agreement is conditional on (i) the obtaining of customary antitrust approvals and (ii) the successful separation of the Authentication Division from other members of the De La Rue Group, so that the



Authentication Division sits entirely within the Authentication Entities to be acquired by the Crane NXT Purchasers on completion of Share Purchase Agreement.

Implementation of the Reorganisation will require the transfer of certain of the Authentication Entities to other Authentication Entities within the Group and the transfer of certain business and assets of other corporate entities within the Group to the Authentication Entities. This will require the successful assignment and novation of third party customer and supplier contracts to the Authentication Entities in anticipation of the Transaction, many of which will require the agreement of the relevant counterparties.

It is currently expected that the conditions referred to above will be satisfied during the first half of 2025.

It is currently expected that the Authentication Division leadership team, including Dave Sharratt, Managing Director, Authentication, will transfer to the entities that will be acquired by Crane NXT on Completion.

The Crane NXT Purchasers have the right to terminate the P&C Agreement in the event that the conditions referred to above (including successful implementation of the Reorganisation) are not satisfied by a long-stop date of 6 April 2025. This long-stop date may be extended by either party for a period of up to 40 business days, depending on the nature of any conditions that remain to be satisfied at the initial long-stop date.

Further details of the P&C Agreement, the Share Purchase Agreement and the Reorganisation are set out in Appendix 1 of this announcement.

The Transaction, because of its size in relation to De La Rue, constitutes a Significant Transaction for the purposes of the UK Listing Rules made by the Financial Conduct Authority (the "FCA") for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended), which came into effect on 29 July 2024 (the "UKLRs"), and is therefore notifiable in accordance with UKLR 7.3.1R and 7.3.2R. In accordance with the UKLRs, the Transaction is not subject to shareholder approval.

## **Lenders**

Under the terms of the Group's revolving credit facility, the Transaction requires the consent of the lenders. The Company obtained such consent on 14 October 2024.

As a consequence of the lender consent to the Transaction under the revolving credit facility, the security agent, appointed in respect of security granted by members of the Group in connection with the revolving credit facility and certain other secured indebtedness, is empowered to release each member of the Authentication Division from any security and guarantees granted by them or over their assets or their shares in connection with the revolving credit facility on Completion of the Transaction.

The security granted by the Continuing Group will remain in place following the Completion of the Transaction in order to, amongst other things, provide security in respect of the obligations of the Continuing Group pursuant to the guarantee granted by certain members of the Continuing Group to De La Rue Pension Trustee Limited (as trustee of the Pension Scheme, ("Pension Trustee")) and ongoing hedging and external bonding for the Continuing Group from time to time.

The consent of the lenders to the Transaction is conditional upon the full repayment and cancellation of all amounts outstanding under the revolving credit facility at Completion of the Transaction and, in particular, that:

- the £160m cash tranche under the revolving credit facility is repaid in full;
- that any outstanding letters of credit or guarantees issued pursuant to the £75m guarantee tranche under the revolving credit facility which relate to the Currency Division are cash collateralised; and
- that any outstanding letters of credit or guarantees issued pursuant to this guarantee tranche which relate to the Authentication Division are replaced or otherwise discharged to the satisfaction of the lenders on or prior to the Completion of the Transaction. Under the terms of the P&C Agreement, Crane NXT has committed to procure the replacement of letters of credit and guarantees insofar as they relate to the Authentication Division.

Prior to the Completion of the Transaction, the revolving credit facility remains available to the Group on its current terms and conditions.

### **Pension Scheme**

The Group operates a legacy defined benefit pension scheme, the Pension Scheme, of which De La Rue plc, De La Rue International Limited and De La Rue Holdings Limited are the statutory employers. The Pension Scheme is based in the UK and is closed to further accrual.

The Pension Scheme will remain with the Continuing Group post-Transaction and DLR Newco Limited and De La Rue North America Holdings Inc will be sold to Crane NXT having never participated in the Pension Scheme.

De La Rue has considered whether the Transaction adversely impacts the employer covenant supporting the Pension Scheme and is satisfied that it would not.

De La Rue has however engaged with the Pension Trustee in relation to the Transaction and has agreed with the Pension Trustee a package to improve the position of Pension Scheme members. The package includes an agreement to pay £30m into the Pension Scheme on Completion by way of an acceleration of deficit repair contributions due at the back end of the Recovery Plan, an agreement to pay an additional £12.5m in deficit repair contributions over the period to April 2027, a continuation of the Scheme's existing security, and enhanced information sharing commitments. In addition, De La Rue has agreed not to make any distribution or other return of capital to shareholders until the Pension Scheme is fully derisked. Additional information is included in Appendix 3.

The Pension Trustee has confirmed that, having discussed the package with the Pensions Regulator, earlier concerns about the Transaction have been satisfactorily addressed by the package agreed. Further, the Pensions Regulator has confirmed that it does not currently intend to open any investigation in relation to the Transaction.

### **Board's views on the Transaction**

The Board of De La Rue believes that the Transaction represents a positive outcome for all stakeholders, delivering a substantial cash consideration, fully reflecting the intrinsic



value of the Authentication Division and building flexibility for the Currency Division, at the same time as further derisking the Pension Scheme. Therefore, the Board believes that the Transaction is in the best interests of De La Rue shareholders as a whole.

## IMPORTANT NOTICES

This announcement has been issued by, and is the sole responsibility of, De La Rue.

This announcement contains inside information as defined under assimilated Regulation (EU) No. 596/2014 which is part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended). The person responsible for arranging the release of this announcement on behalf of De La Rue is Jon Messent (Company Secretary).

Numis Securities Limited (trading as “**Deutsche Numis**”), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for De La Rue and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than De La Rue for providing the protections afforded to clients of Deutsche Numis, nor for providing advice in relation to any matter referred to herein. Neither Deutsche Numis nor any of its affiliates (nor any of their respective directors, officers, employees or agents), owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Deutsche Numis in connection with this announcement, any statement contained herein or otherwise.

### No offer or solicitation

This announcement is for information purposes only and is not intended to and does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation to purchase, acquire, subscribe for, sell, dispose of or issue any securities in De La Rue in any jurisdiction.

### Overseas jurisdictions

The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable restrictions or requirements. Any failure to comply with these restrictions may constitute a violation of securities laws of any such jurisdictions. To the fullest extent permitted by law, De La Rue disclaims all and any responsibility or liability for the violation of such restrictions by such person.

### Cautionary note regarding forward looking statements

This announcement contains certain forward looking statements with respect to the financial condition, results of operations and businesses of De La Rue and the De La Rue Group and certain plans and objectives of De La Rue and the De La Rue Group. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. Forward looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve

known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

Statements containing the words "intends", "aims", "anticipates", "assumes", "budgets", "could", "contemplates", "continues", "plans", "predicts", "projects", "schedules", "seeks", "shall", "should", "targets", "would", "believes", "anticipates", "may", "will", "estimates" "expects" and "outlook" or, in each case, their negative or other variations, or words of similar meaning are forward looking.

Each forward looking statement speaks only as of the date of the particular statement. De La Rue does not undertake any obligation publicly to update or revise any forward-looking statement as a result of new information, future events or other information, although such forward-looking statements will be publicly updated if required by the Financial Conduct Authority of the United Kingdom, the London Stock Exchange plc or by applicable law. Given these statements involve risks and uncertainties, results could differ materially from those expressed, implied or inferred from the forward looking statements contained in this announcement.

#### **No profit forecast**

No statement in this announcement is intended as a profit forecast or a profit estimate for any period and no statement in this announcement should be interpreted to mean that earnings, earnings per share of De La Rue, income or cash flow for De La Rue, the De La Rue Group, or the Authentication Division (as appropriate) for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share of De La Rue, income or cash flow for De La Rue, the De La Rue Group, or the Authentication Division (as appropriate).

#### **Rounding**

Certain figures included in this announcement have been rounded. Accordingly, figures shown for the same category may vary slightly and figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

## Appendix 1 – Summary of the principal terms of the Transaction

### *(a) Put and Call Option Agreement*

The Company's wholly owned subsidiary, De La Rue Holdings has entered into a put and call option agreement with CA-MC Acquisition UK Limited (a wholly owned subsidiary of Crane NXT) and Crane NXT in relation to the acquisition by the UK Purchaser of the entire issued share capital of DLR Newco Limited and the concurrent acquisition by the Crane NXT of the entire issued share capital of De La Rue North America Holdings Inc. On Completion of the Acquisition, DLR Newco and its subsidiaries and De La Rue US and its subsidiaries will comprise the whole of the existing Authentication Division of De La Rue.

Under the terms of the P&C Agreement, the Crane NXT Purchasers have an option to require De La Rue Holdings to enter into a definitive share purchase agreement in respect of the Acquisition upon satisfaction of certain conditions. In the event that the Crane NXT Purchasers do not exercise that option within seven business days of the conditions being satisfied, De La Rue Holdings has an option to require that the Crane NXT Purchasers enter into the Share Purchase Agreement. Further information on the Share Purchase Agreement is set out in paragraph (b) of this Appendix 1.

The exercise of the options referred to above is subject to satisfaction of a number of conditions, including conditions relating to:

- (i) the receipt of certain regulatory approvals, including competition clearance in each of Turkey and Malta and foreign direct investment clearance in Malta (the "Regulatory Conditions"); and
- (ii) the implementation of an internal reorganisation (the "Reorganisation") so as to ensure that all of the existing Authentication Division of De La Rue (other than the business conducted by De La Rue US) is transferred to DLR Newco prior to its acquisition by the UK Purchaser (the "Reorganisation Condition").

Further details of the Reorganisation are set out in paragraph (c) of this Appendix 1.

Under the P&C Agreement, the parties have entered into certain commitments relating to satisfaction of these conditions as soon as reasonably practicable. It is expected that the various conditions will be satisfied during the first half of 2025. The P&C Agreement may be terminated in the event that the conditions are not satisfied by 6 April 2025 (the "Long Stop Date"). There is a right for either party to extend the Long-Stop Date for up to 40 business days, dependent on the nature of the conditions that may not have been satisfied by the Long Stop Date.

Under the terms of the P&C Agreement, De La Rue Holdings has given customary warranties and indemnities to the Crane NXT Purchasers regarding the Authentication Division as it is and will be following completion of the Reorganisation. Liability in respect of these warranties and indemnities is subject to customary limitations and the Crane NXT Purchasers have procured warranty and indemnity insurance typical for a transaction of this nature in connection with those warranties and indemnities. Save in the case of fundamental warranties, the liability of De La Rue Holdings for breach of warranties or for claims under indemnities (to the extent not covered by the warranty & indemnity insurance put in place) is capped at 10 per cent. of the Initial Price.

The P&C Agreement also includes various commitments by both parties relating to the satisfaction of the Regulatory Conditions and the Reorganisation Condition.

*(b) Share Purchase Agreement*

The Share Purchase Agreement will be entered into by De La Rue Holdings and the Crane NXT Purchasers on exercise of either of the options under the P&C Agreement. Under the terms of the Share Purchase Agreement, De La Rue Holdings will sell and the Crane NXT Purchasers will purchase DLR Newco and De La Rue US. Completion of the Share Purchase Agreement will take place on the first business day of the month following the date on which the Share Purchase Agreement is entered into (or if such date is less than 10 business days following the date on which the Share Purchase Agreement is entered into, then on the first business day of the following month).

The consideration for the Acquisition will be £300m adjusted to reflect customary normalisation of working capital, the settlement of inter-company indebtedness and other adjustments as at the date of Completion. Under the terms of the Share Purchase Agreement, De La Rue Holdings will provide the Purchasers with its estimate of the total amount payable on Completion, taking into account adjustments required to reflect a debt free, cash free normalised working capital position as at Completion (the "Initial Price"). The Purchaser will be obliged to proceed to Completion on the basis of the Initial Price (unless otherwise agreed by De La Rue Holdings), although this will be subject to a customary adjustment mechanism to the extent that it is determined through completion accounts prepared following Completion that the actual position at Completion differs from De La Rue Holding's estimate.

On Completion of the Share Purchase Agreement, the Crane NXT Purchasers will pay the Initial Price to De La Rue Holdings net of an amount equal to 5% of the £300m enterprise value which is to be held in escrow for a period of up to 18 months following closing. The purpose of the escrow will be to secure any adjustment required to the Initial Price following the preparation of completion accounts or any claims that may be made under the warranties and indemnities given pursuant to the P&C Agreement or the Share Purchase Agreement.

The warranties given by De La Rue Holdings under the P&C Agreement will be repeated as at Completion under the Share Purchase Agreement subject only to disclosures that may be made by De La Rue Holdings in respect of matters that have arisen since the date on which the P&C Agreement was entered into by reference to the facts and circumstances then subsisting. The Crane NXT Purchasers will only have a right to decline to proceed to Completion of the Share Purchase Agreement in the event that either De La Rue Holdings has failed to have performed all of its material obligations under the P&C Agreement and the Share Purchase Agreement or if facts events or circumstances have taken place after the date of the P&C Agreement which would result in a material breach of certain warranties given under the P&C Agreement or deemed repeated as at Completion. For these purposes, a material breach is defined as any breach which would reasonably be likely to result in a loss to the Crane NXT Purchasers of in excess of 10 per cent. of the £300m enterprise value.

Under the Share Purchase Agreement, De La Rue Holdings and other members of the De La Rue Group will enter into customary non-compete covenants undertaking not to compete with the Authentication Division for a period of three years following Completion.

On Completion of the Share Purchase Agreement, a transitional services agreement will be entered into between De La Rue International Limited and DLR Newco for the provision of certain services to DLR Newco so as to assist in the operation of the Authentication Division under the ownership of the Crane NXT Purchasers for a transitional period following Completion.

### *(c) Reorganisation*

For the purposes of satisfying the Reorganisation Condition, De La Rue Holdings has agreed with the Crane NXT Purchasers a separation plan and the form of the primary documents required to give effect to the Reorganisation. It is anticipated that the Reorganisation will involve (i) the transfer of the authentication business currently conducted in the UK by De La Rue International Limited to DLR Newco (the "UK Business Transfer"), (ii) the transfer of the authentication business currently conducted in Malta by De La Rue Holdings' subsidiary in Malta, De La Rue Security & Currency Print Limited, to a newly incorporated Maltese subsidiary of DLR Newco (the "Malta Business Transfer") and (iii) the transfer of the shares in various other De La Rue subsidiaries solely engaged in the Authentication Division from members of the Group to DLR Newco.

The UK Business Transfer will require the successful novation or assignment of customer and supplier contracts of UK Authentication business to DLR Newco, the transfer of employees employed in the Authentication business in the UK (which will be subject to the requisite consultation process) and the transfer of various other assets used in the UK authentication business.

The Malta Business Transfer will also require the successful assignment or novation of contracts of the Malta authentication business, the transfer of employees of the Authentication business in Malta (which will also be subject to the requisite consultation process) and the transfer of various other assets used in the Malta authentication business. Many of the assignments and novations referred to above will require the agreement of the relevant counterparties. Certain other separation activities will also be required in order to give full effect to the Reorganisation. The transitional services agreement referred to in paragraph (b) above will facilitate the resolution of certain separation issues following completion of the Reorganisation and the Share Purchase Agreement.

The P&C Agreement, the Share Purchase Agreement are governed by English law.

## Appendix 2 – Historical financial information relating to De La Rue's Authentication Division

### 1. Consolidated income statements for the last 2 years

|                                                | FY24<br>£m<br>(Unaudited) | FY23<br>£m<br>(Unaudited) |
|------------------------------------------------|---------------------------|---------------------------|
| <b>Revenue from customer contracts</b>         | <b>102.9</b>              | 88.0                      |
| Cost of sales                                  | (63.8)                    | (54.4)                    |
| <b>Gross profit</b>                            | <b>39.1</b>               | 33.6                      |
| Adjusted operating expenses                    | (24.5)                    | (19.4)                    |
| <b>Adjusted operating profit</b>               | <b>14.6</b>               | 14.2                      |
| <b>Adjusted items:</b>                         |                           |                           |
| – Amortisation of acquired intangibles         | (1.0)                     | (1.1)                     |
| – Net exceptional items – expected credit loss | 0.0                       | 0.0                       |
| – Net exceptional items – other                | (0.7)                     | (4.5)                     |
| – Net exceptional items – Total                | (1.7)                     | (5.6)                     |
| <b>Operating profit</b>                        | <b>12.9</b>               | 8.6                       |



## 2. Last annual consolidated balance sheet

|                                        | FY24<br>£m<br>(Unaudited) |
|----------------------------------------|---------------------------|
| <b>Non-current assets</b>              |                           |
| Property, plant & equipment            | 12.4                      |
| Intangible assets                      | 29.6                      |
| Right-of-use assets                    | 0.6                       |
| Deferred tax assets                    | 0.0                       |
|                                        | <b>42.6</b>               |
| <b>Current assets</b>                  |                           |
| Inventories                            | 12.5                      |
| Trade and other receivables            | 25.0                      |
| Contract assets                        | 3.2                       |
| Current tax assets                     | 0.0                       |
| Derivative financial assets            | 0.0                       |
| Cash and cash equivalents              | 0.0                       |
|                                        | <b>40.7</b>               |
| <b>Total assets</b>                    | <b>83.3</b>               |
| <b>Current liabilities</b>             |                           |
| Trade and other payables               | 13.1                      |
| Current tax liabilities                | 0.4                       |
| Derivative financial liabilities       | 0.0                       |
| Lease liabilities                      | 0.6                       |
| Provisions for liabilities and charges | 0.5                       |
|                                        | <b>14.6</b>               |
| <b>Non-current liabilities</b>         |                           |
| Borrowings                             | 0.0                       |
| Retirement benefit obligations         | 0.6                       |
| Deferred tax liabilities               | 0.4                       |
| Lease liabilities                      | 0.0                       |
| Other non-current liabilities          | 0.8                       |
| Provisions for liabilities & charges   | 0.0                       |
|                                        | <b>1.8</b>                |
| <b>Total liabilities</b>               | <b>16.4</b>               |
| <b>Net assets</b>                      | <b>66.9</b>               |

### Note: Basis of preparation

The unaudited historical financial information relating to De La Rue's Authentication Division (excluding those legal entities outside of the transaction perimeter and hereafter the "NewCo Group") has been extracted without material adjustment (subject to the exceptions noted in the paragraphs below) from the consolidation schedules that support the audited consolidated financial information of De La Rue Plc as at and for the two financial years ended 30 March 2024.

Assets and liabilities which specifically relate to the NewCo Group have been directly extracted from the underlying accounting records supporting the consolidation schedules. In contrast, assets and liabilities that are shared between the NewCo Group and the De La Rue Retained Group (hereafter the "Retained Group") have either been apportioned or excluded on the bases as set out below.

At the local level, shared net working capital balances at our cross-segment manufacturing site in Malta have been apportioned based on relative site headcount, floor space or another reasonable allocation key.

At the Group level, all cash & cash equivalents and external borrowings (and associated interest costs), along with the IAS 19 liability recognised in relation to the UK defined benefit scheme, have been excluded from the unaudited historical financial information. Similarly, the unaudited historical financial information does not show intra-group receivables and payables existing between the NewCo Group and the Retained Group. These intra-group balances are expected to be settled prior to or at completion.

Where the underlying business activity is expected to be provided by the Retained Group to the NewCo Group under a transitional service agreement, no apportionment of shared assets and liabilities has been shown in the unaudited historical financial information. Similarly, where reported in a legal entity that includes both Authentication Division and Currency Division operations, there has been no apportionment of shared current taxes, deferred taxes or derivative financial instruments on the basis that these will be utilised or unwound by legal entities remaining within the Retained Group.

In the consolidated income statement, central Enabling Function costs (reported within adjusted operating expenses) have been apportioned on a basis consistent with that disclosed in the De La Rue plc Annual Report.

The Directors consider that the above-mentioned approach provides a reasonable basis for the presentation of the unaudited historical financial information for the NewCo Group.

The unaudited historical financial information as presented has been prepared using the accounting policies of De La Rue Plc, as adopted in the published consolidated financial statements for each of the financial years presented. These accounting policies comply with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") that are endorsed for use in the UK.

The unaudited historical financial information reflects, therefore, the relative contribution of the NewCo Group to De La Rue Plc over the two financial years ended 30 March 2024, applying the relevant accounting policies.

The unaudited historical financial information as presented as at and for the two financial years ended 30 March 2024 does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006. The consolidated statutory accounts of De La Rue Plc in respect of the two financial years ended 30 March 2024 have been delivered to the Registrar of Companies. Ernst & Young LLP was the auditor of De La Rue Plc in respect of the two financial years ended 30 March 2024. The independent auditor's reports of De La Rue Plc over this time were unqualified. The auditor's report for the year ended 30 March 2024 included a reference to matters to which the auditor drew attention by way of emphasis without qualifying their report. Neither report contained a statement under section 498(2) or (3) of the Companies Act.

The unaudited historical financial information relates to the NewCo Group but does not give pro-forma effect to certain transactions that will exist between the NewCo Group and the De La Rue Retained Group under (amongst other things) the transitional services agreements and the reverse transitional services agreements that will come into force following Completion, nor does it reflect the pro-forma effect of expected cost synergies that were not incurred during the financial year ended 30 March 2024.

## Appendix 3 – Additional Information

### 1. Risk Factors

De La Rue shareholders should carefully consider, together with all other information contained in this announcement, the specific factors and risks described below.

The risks disclosed below are those which the De La Rue Board considers: (i) are material risks related to the Transaction; (ii) will be material new risks to the De La Rue Group as a result of the Transaction; or (iii) are existing material risks for the De La Rue Group which may be impacted by the Transaction. The risks described below are not set out in any order of priority, assumed or otherwise.

The De La Rue Board considers these to be the known material risk factors. There may be other risks of which the Board is not aware (or which it believes to be immaterial which may be connected to the Transaction) and which have or may have a material and adverse effect on the business, financial condition, results of operations or future prospects of the De La Rue Group.

#### (i) RISKS RELATING TO THE TRANSACTION

##### *The Transaction may not proceed to Completion*

Completion is subject to certain conditions under the P&C Agreement. There is no guarantee that each of these conditions will be satisfied and, as such, no certainty that the Transaction will proceed to Completion.

One of the conditions under the P&C Agreement is successful implementation of the Reorganisation. The assignment or novation of customer and supplier contracts will, in many instances, require the agreement of the relevant counterparty to such assignment or novation and there can be no certainty that such agreement will be forthcoming.

The Crane NXT Purchasers also have certain rights to terminate the P&C Agreement in limited circumstances, including where the conditions are not satisfied by the Long-Stop Date (or any extended long-stop permitted under the P&C Agreement), or where De La Rue Holdings is in material breach of its obligations under the P&C Agreement.

If the Transaction does not proceed to Completion, the De La Rue Group will not receive the consideration from, and may not realise any of the potential benefits of, the Transaction and this may have an impact on the perceived value of both De La Rue and the Authentication Division.

If the Transaction does not proceed to Completion, there can be no guarantee that De La Rue will be able to secure another transaction involving the Authentication Division on terms more favourable than, or equivalent to, the Transaction. Regardless of whether the Transaction proceeds to Completion, De La Rue has committed significant time and resources to the Transaction.

In addition, non-completion of the Transaction could erode confidence among investors and stakeholders. This could, in turn, have a material adverse effect on the De La Rue Group's business prospects, financial results and overall financial condition. Failure to complete the Transaction may also have a negative impact on the Group's ability to deliver on its future strategy. This may be the case even if the failure to complete the Transaction is outside of De La Rue's control.

In the event that the Transaction does not proceed to Completion and the Group does not, as a result, receive the consideration, it may take longer or be difficult for De La Rue to increase its balance sheet strength and flexibility or to accelerate De La Rue's core strategic priorities. This may also result in an inability to repay the Group's indebtedness due to its lenders under the revolving credit facility by the current maturity date of 1 July 2025. This may result in delayed recovery in De La Rue's growth and profitability or deterioration of De La Rue's perceived creditworthiness by third parties, which in turn may impact the Group's operations.

*Potentially disruptive effect on the Authentication Division if the Transaction does not proceed to Completion*

If the Transaction does not proceed to Completion, this may lead to management and employee distraction due to perceived uncertainty in the future of De La Rue's interest in the Authentication Division, and the future of the Authentication Division more generally. Uncertainty around De La Rue's commitment to the Authentication Division might lead suppliers and customers of the Authentication Division to feel it is not in their commercial interests to continue to do business with the Authentication Division.

The failure to implement the Transaction may therefore have an adverse effect on the performance of the Authentication Division and its value to De La Rue, which may adversely affect De La Rue's share price.

*De La Rue and certain members of the De La Rue Group may incur liability under the Transaction documentation*

The P&C Agreement and the Share Purchase Agreement contain warranties and indemnities (including indemnities in relation to the implementation of the Reorganisation in accordance with applicable law), pre-completion undertakings and post-completion restrictive covenants in favour of the Crane NXT Purchasers. Crane NXT has undertaken a customary due diligence and disclosure process to minimise the risk of liability under these provisions and has put in place a policy of warranty and indemnity insurance ("W&I Insurance") in respect of such liabilities typical for a transaction of this nature. However, such W&I Insurance may be insufficient or may not operate so as to preclude the possibility of claims being made against De La Rue Holdings. Although the P&C Agreement and the Share Purchase Agreement contain customary limitations relating to the liability of De La Rue Holdings, any liability to make a payment arising from a successful claim by the Crane NXT Purchasers under any of the relevant provisions of these agreements would reduce the consideration and could have an adverse effect on the cash flow and financial condition of De La Rue Holdings and the wider De La Rue Group.

**(ii) NEW MATERIAL RISKS RELATING TO THE CONTINUING GROUP**

*Following Completion of the Transaction, De La Rue will be dependent solely on the business of the Continuing Group*

Following Completion of the Transaction, the Continuing Group's business will be smaller and less diversified. Without the benefit of the revenues or profits of the Authentication Division, the Continuing Group's overall financial performance will depend more on the performance of its continuing operations and the success of its business strategy.

In particular, any underperformance is likely to have a larger relative impact on the Continuing Group than would have been the case before Completion of the Transaction. Furthermore, the business of the Continuing Group may be more susceptible to adverse economic changes than would have been the case prior to the Transaction.

*The Transaction may have a disruptive effect on the Continuing Group*

The Transaction has required, and will continue to require, substantial amounts of investment, time and focus from the management teams and employees of the De La Rue Group which could otherwise be spent operating the De La Rue Group in the ordinary course; this is particularly acute, given the activities required to effect the Reorganisation and the provision of transitional services for a period following Completion. Key managers and employees may become distracted by the Transaction and, accordingly, decision-making by the De La Rue Group may be delayed, deferred or otherwise impacted. This disruption could be prolonged if Completion of the Transaction is materially delayed.

**(iii) EXISTING MATERIAL RISKS TO DE LA RUE GROUP THAT WILL BE IMPACTED BY THE TRANSACTION**

*The market price of shares in De La Rue may fluctuate on the basis of market sentiment surrounding the Transaction and the Group following Completion of the Transaction*

Shareholders should be aware that the value of an investment in De La Rue may go down as well as up and can be volatile. The price at which shares in De La Rue may be quoted and the price which investors may realise for their shares will be influenced by a large number of factors, some specific to De La Rue and its operations and some which may affect banknote printers or publicly traded companies as a whole, or other comparable companies. The sentiments of the stock market regarding the Transaction and the position of De La Rue following its Completion will be one such factor and this, together with other factors including actual or anticipated fluctuations in the financial performance of De La Rue and its competitors, market fluctuations, and legislative or regulatory changes for the sector, could lead to the market price of the shares in De La Rue going up or down.

## 2. Material Contracts

### a. Continuing Group

The following is a summary of contracts that have been entered into by De La Rue or another member of the De La Rue Group (not being contracts entered into in the ordinary course of business): (i) within the period of two years immediately preceding the date of this announcement that are, or may be, material to the De La Rue Group; or (ii) that contain any provisions under which any member of the De La Rue Group has any obligation or entitlement that is, or may be, material to the De La Rue Group:

#### (i) the P&C Agreement

A summary of the principal terms of this is set out in Appendix 1 of this announcement.

#### (ii) Facility Agreement

##### *Overview*

On 18 December 2023, De La Rue Holdings Limited (as the Company and an Original Borrower) (**DLR Holdings**) entered into an amendment and restatement of its existing multicurrency revolving credit facility agreement originally dated 12 June 2012, between, among others, De La Rue plc (as the **Parent**), DLR Holdings, Global Loan Agency Services Limited (as Agent) and GLAS Trust Corporation Limited (as Security Agent), as amended and restated from time to time, including on 19 March 2015 and on 17 June 2020, as further amended on 14 July 2020, as amended and restated on 25 March 2021 and as further amended and restated on 29 June 2023 (the **Facility Agreement**). The revolving credit facility is available in an aggregate amount of £235,000,000 which comprises cash tranche commitments of £160,000,000 and letter of credit tranche commitments of £75,000,000 (together, the **Facility**).

The Facility is guaranteed by the Parent and certain of its subsidiaries, including DLR Holdings. The Facility Agreement has a termination date of 1 July 2025.

##### *Interest*

Interest is charged on loans drawn under the Facility at the relevant reference rate (compounding SONIA for sterling drawings, compounding SOFR for US dollar drawings and EURIBOR for euro drawings) plus the agreed margin. Interest accrues daily whilst the loan(s) are outstanding, and is payable by the relevant borrower at the end of each interest period, which may be a period of 1, 3 or 6 months. Letters of credit must be repaid on the earlier of the expiry date of that letter of credit and the termination date.

##### *Fees*

The Facility Agreement contains provisions for market standard commitment, arrangement, agency and security agency fees. The relevant borrower is also required to pay a letter of credit fee in respect of each letter of credit requested by it.

##### *Security*

The Facility is secured by a number of security agreements, as set out below, pursuant to which each entity has granted certain security over its assets in favour of the Security Agent.



An English law all assets debenture dated 29 June 2023 from each of De La Rue plc, DLR Holdings, De La Rue International Limited, DLR (No. 2) Limited, De La Rue Investments Limited, DLR (No.1) Limited, and Portals Property Limited.

- An English law assignment of receivables agreement dated 12 August 2023 from De La Rue Currency and Print Ltd., De La Rue Authentication Solutions Inc. and Thomas De La Rue A.G.
- Swiss law share pledge dated 12 August 2023 over the shares in Thomas De La Rue A.G. from De La Rue Holdings Limited.
- A Swiss law pledge dated 12 August 2023 over the bank accounts of Thomas De La Rue A.G. from Thomas De La Rue AG.
- A U.S. law share pledge dated 12 August 2023 over the shares in De La Rue North America Holdings Inc. from De La Rue Holdings Limited.
- A U.S. law share pledge dated 12 August 2023 over the shares in DLR Authentication Solutions Inc. from De La Rue North America Holdings Inc.
- A U.S. law pledge dated 12 August 2023 over the material assets of De La Rue North America Holdings Inc. from De La Rue North America Holdings Inc.
- A U.S. law pledge dated 12 August 2023 over the material assets of DLR Authentication Solutions Inc. from DLR Authentication Solutions Inc.
- A Maltese law share pledge dated 12 August 2023 over the shares in De La Rue Currency and Security Print Ltd. from Thomas De La Rue A.G.
- A Maltese law pledge dated 12 August 2023 over the bank accounts of DLR Currency and Security Print Ltd. from DLR Currency and Security Print Ltd.
- An English law supplemental mortgage dated 25 September 2023 from De La Rue International Limited.
- A Sri Lankan law pledge dated 19 July 2024 over the shares in De La Rue Lanka Currency and Security Print (Private) Limited from Thomas De La Rue A.G.

### *General Undertakings*

The Facility Agreement contains certain restrictions relating to, without limitation, the incurrence of financial indebtedness, creating security, making disposals, making substantial changes to the business, disposals and mergers, entry into acquisitions of a certain size, insurance coverage, the maintenance and preservation of intellectual property value and paying distributions/dividends (each subject to certain carve-outs).

### *Events of Default*

The Facility Agreement also includes certain events of default that are customary for facilities of this nature and which are subject to standard grace periods and materiality thresholds including, without limitation, non-payment, breach of other obligations, misrepresentation, cross default, insolvency related matters, litigation with a material adverse effect and material adverse changes.

### *Governing law*

The Facility Agreement is governed by English law.

As indicated earlier in this announcement, the lenders under the Facility Agreement have granted their consent to the Transaction.

### (iii) Contractual letter agreements with the Pension Trustee

De La Rue Plc has entered into a series of letter agreements with the Pension Trustee within the period of two years immediately preceding the date of this announcement.

#### 28 June 2023 letter agreement

On 28 June 2023 De La Rue Plc entered into a letter agreement with the Pension Trustee to defer £18.75m of deficit repair contributions originally due over the 15 months from April 2023. In exchange for this agreement, De La Rue Plc agreed, among other things:

- To enter into (and/or procure that members of the De La Rue Group and its finance parties in respect of the Facility Agreement enter into) one or more agreements with the Pension Trustee pursuant to which the Pension Trustee was granted security (held through a security trust) over assets of De La Rue Plc and other members of the De La Rue Group, ranking *pari passu* with the lenders, at the same time as the lenders are granted such security and in respect of the same assets.
- To an information sharing protocol including the commitment to facilitate attendance by the Pension Trustee at not more than one scheduled meeting of De La Rue Plc's Corporate Development Committee per month in respect of which the Pension Trustee is able to table reasonable agenda items and be accompanied by its covenant advisers.
- Before entering into a legal commitment to implement a material transaction, (i) to consult with the Pension Trustee on what the Pension Trustee considers to be the funding requirements of the Pension Scheme in light of such transaction, and (ii) to make other parties to such material transaction aware of the Pension Trustee's response to such consultation before it enters into any binding legal commitment in respect of such transaction (the **Material Transaction Consultation Agreement**).
- In respect of its financial years FY24 and FY25, agreeing to pay to the Pension Scheme, as a deficit repair contribution payment, an amount equal to the aggregate amount of amendment fees paid to the lenders in relation to the amendments to the Facility Agreement agreed with the lenders in June 2023 (the **Lender Fee Contribution**).
- To pay to the Pension Scheme an additional £2.6m in respect of assumed foregone investment returns on the amount of deferred contributions.

#### 18 December 2023 letter agreement

On 18 December 2023, De La Rue Plc entered into an agreement with the Pension Trustee to pay deficit repair contributions in accordance with a revised schedule following an actuarial valuation of the Pension Scheme at September 2023. This resulted in the deficit being valued at £78m, as compared with the outstanding total of future deficit repair contributions previously agreed of £84.7m.

In exchange for the Pension Trustee agreeing to commission the valuation and revise the Schedule of Contributions, De La Rue Plc reconfirmed its commitments made to the Pension Scheme previously including a continuation of the information sharing protocol previously agreed, continuation of the Material Transaction Consultation Agreement and confirmation that the Lender Fee Contribution will remain payable.

### 13 October 2024 letter agreement

On 13 October 2024, De La Rue Plc entered into a contractual letter agreement with the Pension Trustee pursuant to which De La Rue Plc agreed to a package of obligations and commitments to or in respect of the Pension Scheme, to improve the position of Pension Scheme members, in exchange for the Pension Trustee confirming that the Transaction delivers a more certain and better outcome for Pension Scheme members than, in the opinion of Pension Trustee, some of the potentially worse outcomes in the range of scenarios assessed if the Transaction were not to go ahead and that it is satisfied that the package addresses the key risks identified in its assessment of the materially detrimental effect to the likelihood of accrued Pension Scheme benefits being received (in the opinion of the Pension Trustee).

The key terms of the package agreed are:

- On Completion, there will be a direct payment of £30m (to be treated as an acceleration of contributions, offsetting contributions scheduled at the end of the Recovery Plan period).
- An agreement to pay an additional £12.5m in deficit repair contributions to the Pension Scheme by the end of FY27, such agreement conditional on completion of the Transaction happening.
- In light of the security package agreed with the Pension Trustee in June 2023, an agreement to procure an amendment to the intercreditor agreement to become effective upon Completion of the Transaction and the discharge of the revolving credit facility, such that the Pension Scheme continues to benefit from security in respect of the obligations of the Continuing Group pursuant to the guarantee granted by certain members of the Continuing Group to Pension Trustee.
- An agreement by De La Rue Plc that no dividend or distribution to its shareholders, or repurchase by De La Rue Plc of its shares will be made by De La Rue Plc until the earlier of a transfer to or coverage of the full Pension Scheme liabilities by a DB Superfund, capital backed funding arrangement solution, or such other alternative solution agreed between the Company and the Pension Trustee (a **Full Scheme De-risking Transaction**) in respect of the Pension Scheme occurring or the Pension Scheme being more than 105% funded on a buy-out funding basis (with such commitment falling away if completion of the Transaction does not happen).
- An agreement that on any voluntary sale of all or substantially all of the residual business or assets of De La Rue Plc or its subsidiaries following completion of the Transaction, De La Rue Plc shall procure that the Pension Scheme will receive an amount of the relevant net proceeds, ahead of any other party, sufficient to enable a Full Scheme De-risking Transaction (to be treated as an acceleration of deficit repair contributions due to the Pension Scheme). This commitment is not applicable on the acquisition of all or any of the shares in De La Rue Plc itself.
- An agreement to procure that certain members of the Continuing Group will grant a guarantee and indemnity to Pension Trustee on substantially the same terms as

the guarantee that will exist for the Pension Scheme until full repayment and cancellation of all amounts outstanding under the revolving credit facility at Completion of the Transaction.

- An enhanced information sharing commitment pursuant to which De La Rue Plc will provide sufficient information to the Pension Trustee in order to allow the Pension Trustee to monitor for any potential material adverse change in the covenant of any statutory employer of the Pension Scheme as a result of any material proposed action to be taken by De La Rue Plc.
- An agreement to amend the Pension Scheme's Trust Deed (to take effect on completion of the Transaction) so that where the Pension Trustee considers (having taken advice) that circumstances necessitate the winding-up of the Pension Scheme, the Pension Trustee shall consult with the Principal Employer before applying to the Pensions Regulator for an order to wind up the Scheme under section 11(1)(c) of the Pensions Act 1995.
- An agreement to discuss with the Pension Trustee in good faith at the 30 September 2026 triennial valuation the requirements of the Pension Scheme, taking into account the Pension Scheme funding position and the covenant supporting the Pension Scheme at the time, and to the extent it is agreed that a change to the Schedule of Contributions is required, De La Rue Plc has agreed to consider whether these contributions should be funded by any cash that has been released to De La Rue Plc or the De La Rue Plc Group under the terms of the escrow account established for the benefit of Crane NXT.
- An agreement to engage with the Pension Trustee, collaboratively and in good faith, to explore solutions which deliver a Full Scheme De-risking Transaction for the Pension Scheme.

#### **b. Authentication Division**

No contracts have been entered into (other than contracts entered into in the ordinary course of business) in respect of the Authentication Division either: (i) within the period of two years immediately preceding the date of this announcement, which are or may be material to the Authentication which is the subject of the Transaction; or (ii) at any time, which contain any provisions under which there are obligations or entitlements which are, or may be, material as at the date of this announcement.

### **3. Material Litigation**

#### **a. Continuing Group**

The De La Rue Group has been in dispute over a number of years, (not relating to the UK) where the treatment and application of both direct and indirect tax law has been questioned by a tax authority. These disputed tax assessments are currently at various stages of appeal within the judicial system and the De La Rue Group believes it has a

supportable and defensible position. The disputed tax assessments are both in favour of, and against, the De La Rue Group.

Save as referred to above, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which De La Rue is aware), during the period covering the 12 months preceding the date of this announcement, which may have, or have had in the recent past, significant effects on the financial position or profitability of De La Rue.

**b. Authentication Division**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which De La Rue is aware), during the period covering the 12 months preceding the date of this announcement, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Authentication Division

**4. Significant Change**

**a. Continuing Group**

There has been no significant change in the financial position of the Continuing Group which has occurred since 30 March 2024, being the end of the last financial period for which audited financial statements have been published.

**b. Authentication Division**

There has been no significant change in the financial position of the Authentication Division which has occurred since 30 March 2024, being the date to which the historical financial information relating to the Authentication Division in Appendix 2 to this announcement was prepared.

**5. Related Party Transactions**

Other than those matters disclosed in previously published Annual Reports and Financial Statements of De La Rue and/or otherwise disclosed in this announcement (including its Appendices), there were no related party transactions entered into by De La Rue during the period since 30 March 2024.

## Appendix 4 – Definitions

In addition to those terms defined in the main body of this announcement, unless the context otherwise requires, terms used in this announcement bear the following meanings:

“Acquisition” means the acquisition by the Crane NXT Purchasers of all of the issued share capital of each of DLR Newco and De La Rue US pursuant to the Share Purchase Agreement;

“Authorisation Division” means the Authentication business of De La Rue as currently carried on (i) by De La Rue International Limited in the UK (ii) by De La Rue Currency and Security Print Limited in Malta, (iii) by De La Rue US and its wholly owned subsidiary in the US and (iv) by the other Authentication Entities in other jurisdictions;

“Authentication Entities” means those corporate entities within the De La Rue GROUP (other than De La Rue International Limited, De La Rue Currency and Security Print Limited and De La Rue US and its subsidiary) that solely carry on activities as part of the Authentication Division;

“Board” means the board of directors of De La Rue;

“Completion” means completion of the Transaction in accordance with the terms of the P&C Agreement and the Share Purchase Agreement;

“Continuing Group” means the De La Rue Group following Completion of the Share Purchase Agreement;

“Crane NXT” means Crane NXT, Co.;

“Crane NXT Purchasers means, together Crane NXT and the UK Purchaser

“Currency Division” means the Currency business of De La Rue as currently carried on by the De La Rue Group;

“De La Rue” or “Company” means De La Rue plc;

“De La Rue Group” or “Group” means De La Rue and its subsidiaries for the time being;

“De La Rue Holdings” means De La Rue Holdings Limited, a wholly owned subsidiary of De La Rue;

“De La Rue US” means De La Rue North America Holdings Inc;

“DLR Newco” means DLR Newco Limited, a newly incorporated subsidiary of De La Rue Holdings into which all of the shares in the Authentication Entities (other than De La Rue US) and all of the business and assets of De La Rue International Limited and De La Rue Currency & Security Print Limited used in the Authentication Division will be transferred pursuant to the Reorganisation;

“FY23” means the period ended 25 March 2023;

“FY24” means the period ended 30 March 2024;

“Initial Price” has the meaning given in Appendix 1;

“Long-Stop Date” has the meaning given in Appendix 1;

“Malta Business Transfer” has the meaning given in Appendix 1;

"P&C Agreement" means the put and call option agreement entered into between De La Rue Holdings and the Crane NXT Purchasers on 15 October 2024, as more particularly described in Appendix 1;

"Regulatory Conditions" has the meaning given in Appendix 1;

"Reorganisation" has the meaning given in Appendix 1

"Reorganisation Condition" has the meaning given in Appendix 1;

"Share Purchase Agreement" means the agreement to be entered into between De La Rue Holdings Limited and the Crane NXT Purchasers on exercise of the options contained in the P&C Agreement, as more particularly described in Appendix 1;

"Transaction" means the proposed acquisition by the Crane NXT Purchasers of the Authentication Division in the manner described in this announcement and to be effected pursuant to the P&C Agreement and the Share Purchase Agreement;

"UK Business Transfer" has the meaning given in Appendix 1;

"UK Purchaser" means CA-MC Acquisition UK Limited (a wholly owned subsidiary of Crane NXT).

**--ENDS--**