

RNS Offer Update

**INCREASED AND FINAL OFFER FOR HYVE GROUP PLC**

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Providence Equity LLP  
25 April 2023

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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**FOR IMMEDIATE RELEASE**

25 April 2023

**Increased and Final\* Offer for Hyve Group plc**

On 15 March 2023, the boards of Hyve Group plc ("**Hyve**") and Heron UK Bidco Limited ("**Bidco**"), a newly incorporated entity formed by funds advised by Providence Equity Partners L.L.C. (the "**Providence Equity Funds**" and "**Providence**", respectively) for the purposes of making an offer for Hyve, announced, pursuant to Rule 2.7 of the City Code on Takeovers and Mergers (the "**Code**"), that they had agreed the terms of a recommended cash offer to be made by Bidco for the entire issued and to be issued share capital of Hyve at a price of 108 pence per Hyve share (the "**Acquisition**") (the "**Rule 2.7 Announcement**").

On 31 March 2023, Bidco announced, on behalf of the Providence Equity Funds, that the Providence Equity Funds had entered into an agreement with funds managed or advised by Searchlight Capital Partners UK LLP (or its affiliates) (the "**Searchlight Funds**"), pursuant to which the Searchlight Funds have agreed to partner with the Providence Equity Funds by acquiring a 40 per cent. indirect equity interest in Bidco, following receipt of regulatory approval and completion of the Acquisition.

The scheme document in respect of the Acquisition (the "**Scheme Document**") was published and made available to Hyve Shareholders on 5 April 2023. Capitalised terms used but not defined in this announcement have the meanings given to them in the Scheme Document.

**Increased and Final Offer**

Bidco is pleased to confirm that it has reached agreement with the board of Hyve on the terms of an increased and final recommended cash offer by Bidco for the entire issued and to be issued share capital of Hyve (the "**Increased and Final Offer**").

Under the terms of the Increased and Final Offer, Scheme Shareholders will be entitled to receive:

**for each Hyve Share                      121 pence in cash**

The Increased and Final Offer values the entire issued and to be issued share capital of Hyve at approximately £363 million on a fully diluted basis and values Hyve at approximately £524 million on an enterprise value basis.

The Increased and Final Offer represents an increase of approximately 12.0 per cent. on the Acquisition Price of 108 pence per Hyve Share and a premium of approximately:

- 57.8 per cent. to the Closing Price per Hyve Share of 77 pence on 17 February 2023 (being the last Business Day prior to the movement of Hyve's share price on 20 February 2023);
- 67.4 per cent. to the three-month volume weighted average Closing Price per Hyve Share of 72 pence on 17 February 2023 (being the last Business Day prior to the movement of Hyve's share price on 20 February 2023);
- 78.7 per cent. to the six-month volume weighted average price of 68 pence per Hyve Share on 17 February 2023 (being the last Business Day prior to the movement of Hyve's share price on 20 February 2023); and
- 40.7 per cent. to the Closing Price per Hyve Share of 86 pence on 20 February 2023 (being the last Business Day prior to the commencement of the Offer Period).

The terms of the Increased and Final Offer imply an enterprise value multiple of approximately 22.1 times Hyve's EBITDA for the 12 months to 30 September 2022.

**\*The increased Acquisition Price is final and will not be further increased, except that Bidco reserves the right to increase the Acquisition Price and/or otherwise to improve the terms of the Acquisition if there is an announcement on or after the date of this announcement of an offer or a possible offer for Hyve by a third party offeror or potential offeror.**

If any dividend and/or other distribution and/or other return of capital is declared, made, or paid or becomes payable in respect of Hyve Shares on or after the Announcement Date and prior to the Effective Date, Bidco will reduce the price per Hyve Share payable by it pursuant to the Acquisition (as revised hereby) by an amount equal to the aggregate amount of such dividend and/or other distribution and/or other return of capital, in which case any reference in this announcement or in the Scheme Document to the price per Hyve Share payable pursuant to the terms of the Acquisition (as revised hereby) will be deemed to be a reference to the consideration as so reduced. In such circumstances, Hyve Shareholders will be entitled to retain any such dividend, distribution or other return of value declared or paid.

#### **Irrevocable undertakings and letters of intent**

In connection with the Increased and Final Offer, Bidco has received a non-binding letter of intent from RWC Asset Management LLP on behalf of Redwheel European Focus Master Inc., a Hyve Shareholder which holds, in aggregate, 33,791,252 Hyve Shares representing approximately 11.6 per cent. of the issued share capital of Hyve as at 24 April 2023 (being the latest practicable date prior to publication of this announcement) stating their intentions to vote in favour of the Scheme at the Court Meeting and in favour of the Resolution at the General Meeting.

As described in the Scheme Document, Bidco has also received a non-binding letter of intent from Strategic Value Partners, L.L.C., a Hyve Shareholder which holds, in aggregate, 47,775,625 Hyve Shares representing approximately 16.4 per cent. of the issued share capital of Hyve as at 24 April 2023 (being the latest practicable date prior to publication of this announcement) stating their intentions to vote in favour of the Scheme at the Court Meeting and in favour of the Resolution at the General Meeting.

Therefore Bidco has received irrevocable undertakings from the Hyve Directors (and where applicable their immediate family members and related trusts), as described below, or letters of intent from other Hyve Shareholders, with respect to, in aggregate, 83,183,037 Hyve Shares representing approximately 28.5 per cent. of the existing issued share capital of Hyve as at 24 April 2023 (being the latest practicable date prior to publication of this announcement).

#### **Recommendation**

The Hyve Directors, who have been so advised by Goldman Sachs International and Numis as to the financial terms of the Increased and Final Offer, consider the terms of the Increased and Final Offer to be fair and reasonable. In providing their financial advice to the Hyve Directors, Goldman Sachs International and Numis have taken into account the commercial assessments of the Hyve Directors.

Accordingly, the Hyve Directors recommend unanimously that Hyve Shareholders vote in favour of the Scheme at the Court Meeting and in favour of the resolution to be proposed at the General Meeting. The Hyve Directors who hold Hyve Shares have irrevocably undertaken to vote in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting in respect of their own beneficial holdings, amounting in aggregate to 1,576,389 Hyve Shares and representing approximately 0.54 per cent. of the issued share capital of Hyve as at 24 April 2023 (being the latest practicable date prior to publication of this announcement). In addition, certain of these Hyve Directors have also irrevocably undertaken to procure that members of their immediate families, and their related trusts, who have beneficial holdings in aggregate of 39,771 Hyve Shares representing approximately 0.01 per cent. of the issued share capital of Hyve as at 24 April 2023 (being the latest practicable date prior to publication of this announcement), vote in favour of the Scheme at the Court Meeting and in favour of the Resolution to be proposed at the General Meeting.

#### **Financing of the Increased and Final Offer**

The Providence Equity Funds have entered into an amended and restated equity commitment letter in favour of Bidco in relation to the financing of the Increased and Final Offer.

Perella Weinberg Partners and Deutsche Bank, financial advisers to Providence Equity Partners L.L.C. and Bidco, are satisfied that the resources available to Bidco are sufficient to enable Bidco to satisfy in full the cash consideration payable to Hyve Shareholders pursuant to the Increased and Final Offer.

### **Court Meeting and General Meeting**

The board of Hyve confirms that the Court Meeting and the General Meeting, notices of which are set out in Part IX and Part X of the Scheme Document respectively, will be held at 10.00 a.m. (London time) and 10.15 a.m. (London time), respectively, on 3 May 2023 at Hyve's offices at 2 Kingdom Street, London, W2 6JG, United Kingdom, in accordance with the timetable set out in the Scheme Document.

### **Action to be taken by Hyve Shareholders**

As further detailed in the Scheme Document, in order to become Effective, the Scheme will require, among other things, the approval of Scheme Shareholders at the Court Meeting and the passing of the Resolution by Hyve Shareholders at the General Meeting. It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Scheme Shareholder opinion.

Hyve Shareholders are strongly urged to complete, sign and return the Forms of Proxy in accordance with the instructions printed thereon, or, alternatively, to appoint a proxy online or electronically through CREST, for both the Court Meeting and the General Meeting, as soon as possible and by no later than the following times and dates:

- BLUE Forms of Proxy for the Court Meeting by 10:00 a.m. (London time) on 28 April 2023; and
- WHITE Forms of Proxy for the General Meeting by 10:15 a.m. (London time) on 28 April 2023.

If the BLUE Form of Proxy for the Court Meeting is not returned by the relevant time, it may be: (i) scanned and emailed to Equiniti at the following email address: proxyvotes@equiniti.com; or (ii) presented in person to the Equiniti representative who will be present at the Court Meeting, any time prior to the commencement of the Court Meeting (or any adjournment thereof).

If the WHITE Form of Proxy for the General Meeting is not returned by the relevant time, it will be invalid.

#### *Hyve Shareholders who do NOT wish to change their voting instructions*

Hyve Shareholders who have already submitted Forms of Proxy or who have appointed a proxy online or electronically through CREST for the Court Meeting and/or the General Meeting and do not wish to change their voting instructions need take no further action as their Forms of Proxy or online/CREST proxy appointments will continue to be valid in respect of the Court Meeting and the General Meeting.

#### *Hyve Shareholders who DO wish to change their voting instructions*

Hyve Shareholders who have submitted Forms of Proxy or who have appointed a proxy online or electronically through CREST for the Court Meeting and/or the General Meeting and who wish to change their voting instructions should call the Shareholder Helpline on +44 (0)371 384 2050. Lines are open from 8:30 a.m. to 5:30 p.m. Monday to Friday (except English and Welsh public holidays). Calls are charged at the standard geographical rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that calls are recorded for security and training purposes and the Shareholder Helpline operators cannot provide advice on the merits of the Scheme or the Acquisition, nor give financial, tax, investment or legal advice.

The completion and return of the Forms of Proxy by post (or transmission of a proxy appointment or voting instruction online or electronically through CREST) will not prevent you from attending, asking questions and voting and/or raising any objections at the Court Meeting or the General Meeting, if you are entitled to and wish to do so.

Hyve Shareholders should note that Hyve does not intend to publish a revised scheme document.

### **Conditions**

The waiting period under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 has now expired in respect of the Acquisition. Accordingly, the Condition set out in paragraph 3(a) of Part A of Part IV of the Scheme Document has been satisfied. The Acquisition remains subject to the satisfaction or (if applicable) waiver of the remaining Conditions set out in the Scheme Document.

The Scheme will be modified to reflect the terms of the Increased and Final Offer. Save as disclosed in this announcement, the Increased and Final Offer is subject to the same terms as set out in the Scheme Document.

### **General**

The Increased and Final Offer does not change Bidco's intentions as regards the business of Hyve (including locations of its operations), the management and employees of Hyve and the proposals in respect of the Hyve Share Plans, as set out in the Scheme Document and in the letters already sent to the participants in the Hyve Share Plans informing them of the effect of the Scheme on their rights under the Hyve Share Plans and, where applicable, containing appropriate proposals in respect of such rights.

Save as set out in this announcement and in the announcement of Providence Equity LLP dated 6 April 2023 in relation to the Financing Commitment Documents referred to below:

- Hyve confirms that there have been no changes to the information disclosed in the Scheme Document (other than the information referred to in the following sub-paragraph) that are material in the context of the Scheme Document, including in relation to any of the matters referred to in Rule 27.2(c) of the Code; and
- Bidco confirms that there have been no changes to the information disclosed in the Scheme Document relating to Bidco, Providence, Searchlight, the Bidco Director, the Providence Responsible Persons and the Searchlight Responsible Persons, their related trusts and other connected persons and persons acting in concert with Bidco, Providence and Searchlight, in each case that are material in the context of the Scheme Document, including in relation to any of the matters referred to in Rule 27.2(b) of the Code.

On 6 April 2023, Providence Equity LLP announced that, in relation to the financing of the Acquisition, Bidco had entered into a financing commitment letter and related fee letter (the "**Financing Commitment Documents**") with certain funds managed and/or advised by Hayfin Capital Management LLP. The committed debt financing facilities contemplated by the Financing Commitment Documents, the material terms of which are summarised in the Appendix to that announcement, comprise a senior secured term loan facility in the principal amount of up to \$214,000,000; a senior secured term acquisition facility in the principal amount of up to \$49,000,000; and a senior secured delayed draw term loan facility in the principal amount of up to \$43,000,000. Copies of the Financing Commitment Documents are available free of charge, subject to certain restrictions relating to persons resident in certain jurisdictions, on Bidco's website at [www.provequity.com/hyvegroupplc](http://www.provequity.com/hyvegroupplc).

The Providence Equity Funds and the Searchlight Funds have entered into an agreement (the "**Subscription Amendment Agreement**") amending the Subscription Agreement described in the Scheme Document pursuant to which (i) the Searchlight Funds have consented to the making of the Increased and Final Offer, and (ii) the maximum subscription commitment of the Searchlight Funds has been increased to reflect the consideration payable under the Increased and Final Offer.

#### **Consents**

Perella Weinberg Partners, Deutsche Bank, Moelis, Goldman Sachs International and Numis have given and not withdrawn their consent to the publication of this announcement with the inclusion herein of the references to their respective names, in each case, in the form and context in which they appear.

#### **Documents available on website**

Copies of the following documents will be made available on both Hyve's website at <https://hyve.group/Investors> and Providence's website at [www.provequity.com/hyvegroupplc](http://www.provequity.com/hyvegroupplc) until the end of the Offer Period:

- this announcement;
- the amended and restated equity commitment letter described above;
- the Subscription Amendment Agreement;
- the consents provided of Perella Weinberg Partners, Deutsche Bank, Moelis, Goldman Sachs International and Numis referred to above; and
- the irrevocable undertakings and letters of intent referred to in this announcement.

*The Appendix to this announcement contains sources and bases of certain information contained in this announcement.*

#### **ENQUIRIES**

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*Weil, Gotshal & Manges (London) LLP is providing legal advice to Bidco and Providence Equity Partners L.L.C., Willkie Farr & Gallagher (UK) LLP is providing legal advice to Searchlight Capital Partners UK, LLP and Macfarlanes LLP is providing legal advice to Hyve.*

#### **Important Notices**

*Perella Weinberg UK Limited ("**Perella Weinberg Partners**")*, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Providence Equity Partners L.L.C. and Bidco in connection with the matters set out in this announcement and for no one else and will not be responsible to anyone other than Providence Equity Partners L.L.C. and Bidco for providing the protections afforded to its clients nor for providing advice in relation to the matters set out in this announcement. Neither Perella Weinberg Partners nor any of its subsidiaries, branches or affiliates and 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 Perella Weinberg Partners in connection with this announcement, any statement contained herein or otherwise.

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Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for Hyve and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than Hyve for providing the protections afforded to clients of Goldman Sachs International or for providing advice in connection with the matters referred to in this announcement.

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#### **Further information**

This announcement contains inside information in relation to Hyve for the purposes of Article 7 of the Market Abuse Regulation. The person responsible for arranging for the release of this announcement on behalf of Hyve is Alice Rivers.

This announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer to sell or an invitation to purchase any securities or the solicitation of an offer to buy, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, pursuant to the Acquisition or otherwise, nor shall there be any purchase, sale, issuance or exchange of securities or such solicitation in any jurisdiction in which such offer, solicitation, sale, issuance or exchange would be unlawful prior to the registration or qualification under the laws of such jurisdiction. The Acquisition will be made solely by means of the scheme document or any document by which the Acquisition is made, which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. This announcement has been prepared for the purpose of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of other jurisdictions.

Neither the content of any website referred to in this announcement nor the content of any website accessible from hyperlinks is incorporated into, or forms part of, this announcement.

If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or from an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended).

#### **No profit forecasts or estimates**

No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for Hyve or Bidco, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Hyve or Bidco, as appropriate.

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

A copy of this announcement will be made available on Hyve's website at <https://hyve.group/Investors> and on Bidco's website at [www.provequity.com/hyvegroupplc](http://www.provequity.com/hyvegroupplc) by no later than 12 noon (London time) on the business day following this announcement. For the avoidance of doubt, the contents of Hyve's website and Bidco's website are not incorporated into and do not form part of this announcement.

#### **Requesting hard copy documents**

In accordance with Rule 30.3 of the Code, Hyve Shareholders may request a hard copy of this announcement by contacting Equiniti on +44 371 384 2030. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. to 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Hyve Shareholders may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form. If a Hyve Shareholder has received this announcement in electronic form, hard copies of this announcement and any document or information incorporated by reference into this announcement will not be provided unless such a request is made.

## **Dealing and Opening Position Disclosure Requirements of the Code**

*Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified.*

*An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offerors, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Code.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Code).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

## **Rounding**

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

## **APPENDIX**

### **SOURCES OF INFORMATION AND BASES OF CALCULATION**

In this Announcement, unless otherwise stated or the context otherwise requires, the following sources and bases have been used:

- 1) the value attributed to the fully diluted issued share capital of Hyve of £363 million is based on a value of 121 pence per Hyve Share, and:
  - i) 291,640,907 Hyve Shares in issue on 24 April 2023 (being the last Business Day prior to the date of this Announcement); plus
  - ii) 8,719,963 Hyve Shares which may be issued on or after this Announcement on the exercise of options or vesting of awards under the Hyve Share Plans, net of shares comprising the Hyve Employee Share Ownership Trust of 646,239;
- 2) the enterprise value of £524 million is calculated by reference to the fully diluted equity plus pro forma net debt of £161 million as at 30 September 2022, with pro forma net debt comprising the below from the audited consolidated balance of Hyve as of that date and Hyve public filings:
  - i) term loan of £115.0 million (following refinancing in October 2022);
  - ii) non-current lease liabilities of £11.8 million;
  - iii) current lease liabilities of £3.4 million;
  - iv) deferred and contingent consideration payable of £73.6 million;
  - v) deferred and contingent consideration receivable of £17.2 million;

- vi) cash and cash equivalents of £28.1 million (excludes any cash received following the repayment of previous debt facilities of £101.0 million upon the drawdown of the new term loan of £115.0 million on 20 October 2022 and any change in Hyve's cash and cash equivalents position between 30 September 2022 and 20 October 2022); and
  - vii) non-controlling interest of £2.5 million.
- 3) the implied enterprise value multiple of approximately 22.1 times is based on Hyve's EBITDA for the 12 months to 30 September 2022 of £23.7 million;
  - 4) unless otherwise stated, financial information relating to Hyve has been extracted from the audited consolidated financial statements of Hyve for the financial year ended 30 September 2022 and Hyve public filings;
  - 5) unless otherwise stated, all prices for Hyve Shares are the Closing Price for the relevant date;
  - 6) the Closing Prices of Hyve Shares are taken from Bloomberg data; and
  - 7) the three month and six month Volume Weighted Average Prices are derived from Bloomberg data.

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