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If you are in any doubt about the contents of this Circular or the action you should take, it is recommended that you seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who is, if you are resident in the UK, duly authorised under the FSMA or, if not, another appropriately authorised independent financial adviser.

If you sell or otherwise transfer or have sold or otherwise transferred all of your abrdn Shares, please send this Circular (but not any personalised Voting Form) as soon as possible to the purchaser or the transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee. If you receive this Circular from another person, as a purchaser or transferee, please contact the Registrar for a Voting Form using the contact details at paragraph 10 of Part I (*Letter from the Chairman)* or go online at www.abrdnshares.com. If you sell or transfer or have sold or otherwise transferred only part of your holding of abrdn Shares, you should retain this Circular and any accompanying documents and consult with the bank, stockbroker or other agent through whom the sale or transfer was effected as to the action you should take. However, neither this Circular nor any accompanying documents should be released, published, distributed, forwarded or transmitted, in whole or in part, in, into or from any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction.

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abrdn plc

(a public company incorporated with limited liability in Scotland with registered number SC286832)

Proposed acquisition by abrdn plc of the interactive investor group

Circular to Shareholders and Notice of General Meeting

This Circular should be read as a whole and your attention is drawn to the risk factors set out in Part III (*Risk Factors*). Your attention is also drawn to the letter from your Chairman, which is set out in Part I (*Letter from the Chairman*) and which contains the recommendation of the abrdn Board that you vote in favour of the Resolution to be proposed at the General Meeting.

The Notice convening the General Meeting to be held at etc.venues St Paul's, 200 Aldersgate, London, EC1A 4HD at 2 p.m. on 15 March 2022 is set out at the end of this Circular. Where you have received this Circular from abrdn in hard copy, a Voting Form for use at the General Meeting is enclosed. Otherwise, a Voting Form is available electronically through www.abrdnshares.com or may separately have been sent to you in hard copy. Whether or not you intend to attend the General Meeting in person, please submit a Voting Form electronically through www.abrdnshares.com or complete, sign and return a hard copy Voting Form in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Registrar no later than 6 p.m. on 11 March 2022. If you hold your abrdn Shares in uncertificated form (i.e. in CREST), you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the CREST Manual so that it is received by the Registrar (under CREST participant ID RA19) no later than 6 p.m. on 11 March 2022. The time of receipt will be taken to be the time from which the Registrar is able to receive the message by enquiry to CREST in the manner prescribed by CREST.

If you are an institutional investor you may be able to appoint a proxy electronically for the General Meeting, via the Proxymity platform, a process which has been agreed by abrdn and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. In order to be considered valid your proxy instruction must be lodged by 6 p.m. on 11 March 2022. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

Completion and submission of the Voting Form or completing and transmitting a CREST Proxy Instruction or Proxymity Proxy Instruction will not prevent Shareholders from attending or voting in person at the General Meeting if they wish to do so.

This Circular and the accompanying documents have been prepared to comply with English law and applicable regulations. The information disclosed may not be the same as that which would have been disclosed if this Circular or the accompanying documents had been prepared in accordance with the laws of jurisdictions outside the UK.

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No person has been authorised to give any information or make any representations other than those contained in this Circular and, if given or made, such information or representations must not be relied upon as having been authorised by abrdn, the abrdn Directors or J.P. Morgan Cazenove or any other person involved in the Acquisition. The delivery of this Circular shall not, under any circumstances, create any implication that there has been no change in the affairs of abrdn since the date of this Circular or that the information in it is correct as at any time since its date.

Apart from the responsibilities and liabilities, if any, that may be imposed on J.P. Morgan Cazenove by the FSMA or the regulatory regime established thereunder or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, J.P. Morgan Cazenove and its subsidiaries, branches and affiliates assume no responsibility or liability whatsoever and make no representation or warranty, express or implied, in relation to the contents of this Circular, including its accuracy, completeness or verification or for any other statement made or purported to be made by abrdn, or on abrdn's behalf in connection with abrdn, the abrdn Group, the Enlarged Group or the Acquisition, and nothing contained in this Circular is, or shall be, relied upon as a promise or representation in this respect, whether as to the past, present or future, in connection with abrdn, the abrdn Group, the Enlarged Group or the Acquisition. J.P. Morgan Cazenove and its subsidiaries, branches and affiliates accordingly disclaim to the fullest extent permitted by applicable law all and any responsibility and liability whether direct or indirect and whether arising in tort, contract or otherwise (save as referred to above) that it might otherwise be found to have in respect of this Circular or any such statement or otherwise. Any reproduction or distribution of this Circular, in whole or in part, and any disclosure of its contents or use of any information contained in this Circular for any purpose other than considering the terms of the Acquisition is prohibited.

THE CONTENTS OF THIS CIRCULAR OR ANY SUBSEQUENT COMMUNICATION FROM ABRDN OR ITS SPONSOR OR ANY OF THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS ARE NOT TO BE CONSTRUED AS LEGAL, FINANCIAL OR TAX ADVICE. ABRDN IS NOT AUTHORISED TO PROVIDE SUCH ADVICE. EACH SHAREHOLDER SHOULD CONSULT HIS, HER OR ITS OWN SOLICITOR, INDEPENDENT FINANCIAL ADVISER OR TAX ADVISER FOR LEGAL, FINANCIAL OR TAX ADVICE.

This Circular is dated 9 February 2022.

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Expected Timetable of Principal Events relating to the Acquisition

Principal events	**Time and/or date**[1]
Announcement of the Acquisition	2 December 2021
Date of this Circular	9 February 2022
Latest time and date for receipt of Voting Form or CREST Proxy Instruction or Proxymity Proxy Instruction for the General Meeting	6 p.m. on 11 March 2022[2]
Voting Record Time for determining entitlement to attend and vote at the General Meeting	6 p.m. on 11 March 2022[2]
General Meeting	2 p.m. on 15 March 2022
Expected date of Completion	Q2 2022[3]

Notes:

(1) **The dates and times given are indicative only, are based on current expectations and may be subject to change (including as a result of changes to the timetable for the satisfaction of the Conditions).** References to times are to UK times unless otherwise stated. If any of the times or dates above change, the revised times and/or dates will be announced via a Regulatory Information Service.

(2) To be entitled to attend and vote at the General Meeting (and for the purpose of determination by abrdn of the votes they may cast), shareholders and abrdn Share Account members must be on the abrdn register or abrdn Share Account register at 6 p.m. on 11 March 2022 or, if the General Meeting is adjourned, at 6 p.m. on the date which is two days (excluding any part of a day that is a non-Business Day) before the time of the adjourned meeting. Changes to the abrdn register or the register for the abrdn Share Account after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

(3) This date is indicative only and will depend on, among other things, the dates on which the Conditions are satisfied.

Corporate Details and Advisers

Registered office	1 George Street Edinburgh United Kingdom EH2 2LL
Sponsor and sole financial adviser	J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP
Legal adviser to abrdn	Slaughter and May One Bunhill Row London EC1Y 8YY
Auditor	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Reporting accountant	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

PART I
LETTER FROM THE CHAIRMAN

Registered office
1 George Street
Edinburgh
United Kingdom
EH2 2LL

9 February 2022

To Shareholders and, for information only, to persons with information rights

Proposed acquisition by abrdn plc of the interactive investor group

1. Introduction

On 2 December 2021, abrdn announced that it had agreed to acquire the interactive investor group of companies on the terms and subject to the conditions set out in the Share Purchase Agreement (the "**Acquisition**"). interactive investor is the leading subscription-based, digitally-enabled, direct investing platform in the UK.[1] The purchase price for the Acquisition will be £1.49 billion in cash, subject to certain adjustments. The Acquisition is a material step towards abrdn building a leadership position in the personal wealth market.

I am writing to you to explain the background to and the reasons for the Acquisition and to explain why the abrdn Board considers the Acquisition to be in the best interests of Shareholders as a whole.

In view of its size in relation to the abrdn Group, the Acquisition constitutes a Class 1 transaction under the Listing Rules. This is why the Acquisition is conditional on (among other things) receiving the approval of Shareholders. Accordingly, you will find set out at the end of this Circular a Notice convening the General Meeting which is to be held at etc.venues St Paul's, 200 Aldersgate, London, EC1A 4HD on 15 March 2022 at 2 p.m. at which the Resolution will be proposed.

The abrdn Board believes that there is a compelling strategic and financial rationale for the Acquisition. interactive investor is the leading subscription-based platform within the high-growth UK direct investing market.[2] The Acquisition will result in a near fivefold increase in AUMA in our Personal vector to £69 billion[3] on a pro forma basis. The UK direct investing market benefits from accelerating demographic and structural market trends, and together the high-tech, high-touch models of interactive investor and abrdn will offer a range of propositions that will enable clients to become better investors and create more opportunities for them to manage their financial futures.

abrdn and interactive investor customers will be able to choose from within the combined spectrum of wealth services, spanning self-directed investing through to high-touch financial advice, depending on their specific needs over their financial life. The ability to provide such a distinctive range of offerings, which caters to changing customer behaviours and needs, is expected to bring broader benefits to the Enlarged Group. The Acquisition represents the deployment of capital currently not utilised within abrdn's businesses to drive long-term sustainable earnings growth in an area that is a strategic priority for the abrdn Group. It also reflects our disciplined approach to capital management, which includes, among other things, the monetisation of non-strategic listed investments and deployment of the capital released to grow our business, add scale, increase returns and deliver value to our shareholders.

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[1] Second largest direct investing platform by AUA, as at 30 June 2021
[2] Second largest direct investing platform by AUA, as at 30 June 2021
[3] As at 30 June 2021. AUMA for abrdn's Personal vector includes assets that are reflected in both the discretionary investment management and financial advice businesses. This impact (30 June 2021: £1.2 billion) is removed within eliminations

The abrdn Board believes that the Acquisition is in the best interests of Shareholders as a whole. Accordingly, the abrdn Board unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting, as those of the abrdn Directors who have beneficial interests in abrdn Shares intend to do in respect of their own beneficial shareholdings which they are able to vote.

You should read the whole of this Circular and not rely solely on the summarised information contained in this Part I (*Letter from the Chairman*).

2. Background to and reasons for the Acquisition

Background

The Acquisition offers client-led growth within one of abrdn's core vectors, where growth is a strategic priority, and has been negotiated on terms that are consistent with abrdn's disciplined approach to evaluating inorganic opportunities. interactive investor, as the leading subscription-based platform[4] within the high-growth UK direct investing market, has over 400,000 customers[5] and AUA of approximately £55 billion[6]. interactive investor attracts the high-value customers it targets, and abrdn expects interactive investor to deliver strong customer and AUA growth while maintaining cost efficiency.

abrdn considers that the investment choices, flexibility and fixed fee pricing model that interactive investor offers customers, and its ethos as a consumer champion, positively differentiate it in its chosen market. abrdn will therefore retain interactive investor's open-architecture, subscription-based revenue model, and intends to operate interactive investor as a discrete consumer-focused business within the abrdn Group. interactive investor will retain its own management team and operational platform, to ensure continuation of high-quality service for both existing and future customers. Richard Wilson, interactive investor's Chief Executive Officer, will join abrdn as part of the Acquisition and will lead interactive investor in its next phase of growth under abrdn's ownership. abrdn and members of interactive investor's management are working together to put in place incentivisation arrangements for the interactive investor management team to further reinforce their commitment to the objective of delivering shareholder value for the Enlarged Group. Richard Wilson has entered into an agreement to reinvest a significant proportion of his post-tax sale proceeds in abrdn Shares and multi-asset funds managed by members of the abrdn Group. Further details of the incentivisation arrangements are set out in paragraph 4 of Part IV (*Principal Terms and Conditions of the Acquisition*) of this Circular. Given the intention to operate interactive investor as a discrete business, there are not expected to be any significant cost synergies arising from the Acquisition.

abrdn expects the Acquisition to be double-digit earnings accretive[7] compared to standalone abrdn earnings in the first full financial year following Completion based on the historic and projected profitability of the Target Group and taking into account the beneficial elements and relevant costs of the Acquisition. While the level of earnings accretion may vary from year to year, the anticipated financial benefit is expected to be recurring, is contingent on completion of the Acquisition and could not be fully achieved independently.

In particular, the abrdn Board believes that the Acquisition presents the following notable opportunities:

The Acquisition brings scale in the high-growth direct investing market, accessing new customer segments and capabilities

With responsibility for providing for a longer retirement increasingly being passed to the individual, growing our Personal vector and expanding its capabilities and scale are clear strategic priorities for abrdn.

[4] Second largest direct investing platform by AUA, as at 30 June 2021
[5] As at 30 June 2021
[6] As at 30 June 2021
[7] In percentage terms, based on adjusted diluted earnings per share

The current focus of our Personal vector on financial planning and discretionary investment management will be augmented by combining with the high-tech model of interactive investor, enabling us to offer a broad range of propositions that meet clients' financial needs throughout their lives. Following the Acquisition, the share of abrdn Group fee-based revenue[8] from the Personal vector will increase from 6 per cent.[9] to 13 per cent.[10] on a pro forma basis.

The direct investing market has grown at c.15 per cent. compound historically[11] and is expected to continue growing at a similar rate[12] in the future driven by accelerating demographic and structural market trends. These trends include the democratisation of wealth, increased digitalisation of services, better value for money propositions, substantial inter-generational wealth transfers and the growing importance of a dynamic offering to address changing client behaviours and needs over time.

interactive investor is the UK's leading subscription-based direct investing platform

As the leading subscription-based direct investing platform in the UK,[13] interactive investor has over 400,000 customers[14], of which a meaningful proportion are high-value customers based on AUA per customer. Its open-architecture, digitally-enabled, data-centric model and technology platform help drive strong customer acquisition, engagement and activity, through data analytics, customer personalisation and high user functionality.

Over the twelve-month period to 30 June 2021, interactive investor attracted net flows of £5.5 billion, c.17 per cent. of opening AUA, and built trading volumes to c.21,700 daily average retail trades. This compares with c.8,700 over the twelve-month period to 31 December 2019. Total AUA increased 55 per cent. compound over the period between 31 December 2018 and 30 June 2021.

interactive investor is committed to continuing to deliver an enhanced user experience for its customers, recent evidence of which was the roll out of a new mobile app and website and, most recently, the launch of a 'Friends and Family' proposition. The 'Friends and Family' proposition represents an attractive way of interactive investor continuing to grow its customer base at a relatively low cost of acquisition.

abrdn considers that interactive investor's platform is scalable given the large proportion of efficient straight-through processing, which allows significant increases in customer numbers and activity. Strong operating leverage in the business has resulted in an improving margin[15] from 23 per cent.[16] to 34 per cent.[17] between 31 December 2018 and 31 December 2020.

Transforms our Personal vector, significantly growing and diversifying revenue and profitability

Following the Acquisition, abrdn's Personal vector will have increased scale, with fee-based revenue more than doubling from £83 million[18] to £199 million[19] on a pro forma basis. abrdn expects the vector's growth

[8] Fee-based revenue for interactive investor is revenue net of cost of sales, and comparable to the fee-based revenue alternative performance measure used by abrdn
[9] Last twelve months to 30 June 2021
[10] Last twelve months to 30 June 2021 for abrdn, and twelve months to 31 December 2020 for interactive investor. Reflects reported results for interactive investor
[11] Fundscape, D2C channel assets. Refers to period of 30 June 2015 to 30 June 2021
[12] Fundscape, D2C channel assets. Projected growth reflects 'realistic' forecast for direct to consumer channel
[13] Second largest direct investing platform by AUA, as at 30 June 2021
[14] As at 30 June 2021
[15] Profit before Exceptional Items, amortisation of acquisition intangibles and tax. Includes £4.7 million of non-recurring other income. Reflects reported results for interactive investor
[16] Twelve months to 31 December 2018. Reflects reported results for interactive investor
[17] Twelve months to 31 December 2020. Reflects reported results for interactive investor
[18] Last twelve months to 30 June 2021
[19] Last twelve months to 30 June 2021 for abrdn, and twelve months to 31 December 2020 for interactive investor. Reflects reported results for interactive investor

potential to accelerate post the Acquisition given the trends supporting strong growth prospects for the personal wealth market generally and direct investing specifically.

interactive investor's distinctive fixed-fee pricing model combined with the fee-based income generated from customer transactions incorporating trading fees and foreign exchange, and treasury income, generates diversified revenue streams with lower pro-cyclicality than the typical ad valorem models in the industry. interactive investor's projected revenue growth complements abrdn's existing high single-digit revenue growth target (three year CAGR 2020 to 2023), accelerating sustainable growth. Its operating margin is incremental to abrdn's existing target to exit 2023 at a cost/income ratio of c.70 per cent.

Shared vision of a combined high-tech, high-touch model that meets clients' financial needs throughout their lives

interactive investor augments and complements abrdn's existing offerings for individual investors. Together with abrdn's established propositions in financial planning and discretionary investment management, the combined offerings of the Enlarged Group will be structured to provide clients with trust, confidence and compelling value at various stages of their financial journeys.

interactive investor adds to abrdn's recently acquired digital capabilities through finimize, which offers digestible investing information and insights to a highly engaged investor community.

interactive investor will be able to leverage abrdn's significant expertise in financial advice, meticulous research and global investment perspective. In combination, interactive investor's high-tech model broadens abrdn's existing personal wealth offerings, from self-directed investing to high-touch financial planning and discretionary investment management.

This deployment of capital not currently utilised within our business will drive sustainable growth, returns, scale and shareholder value – the Acquisition is expected to be double-digit earnings accretive[20]

The Acquisition creates a leading position for the Personal vector in the high-growth UK savings market. abrdn expects the Acquisition to be double-digit earnings accretive[21] compared to standalone abrdn earnings in the first full financial year following Completion based on the historic and projected profitability of the Target Group and taking into account the beneficial elements and relevant costs of the Acquisition. While the level of earnings accretion may vary from year to year, the anticipated financial benefit is expected to be recurring, is contingent on completion of the Acquisition and could not be fully achieved independently.

3. Summary of the principal terms of the Acquisition

On 2 December 2021, abrdn entered into the Share Purchase Agreement with the J.C. Flowers Fund, MMC, the Management Sellers and certain other Antler shareholders (together, the "**Sellers**"), which provides that abrdn will acquire 100 per cent. of the share capital of Antler Holdco Limited ("**Antler**"), the holding company of the interactive investor group. At the same time, Antler will acquire the c.4.8 per cent. of the share capital of interactive investor currently held by minority investors (and as a result Antler will hold 100 per cent. of the share capital of interactive investor) and redeem the outstanding discount notes that it has issued (the "**Discount Notes**").

The Sellers, who together own the majority of Antler's share capital, have agreed to sell their shares to abrdn on the terms and subject to the conditions set out in the Share Purchase Agreement.

[20] In percentage terms, based on adjusted diluted earnings per share
[21] In percentage terms, based on adjusted diluted earnings per share

After signing the Share Purchase Agreement and before Completion:

(A) the Management Sellers have agreed to take certain steps (and the J.C. Flowers Fund and MMC have agreed, if necessary, to invoke their "drag-along rights") to transfer the shares of the other Antler shareholders to abrdn; and

(B) the J.C. Flowers Fund and the Management Sellers have agreed to procure that Antler takes certain steps (including, if necessary, by invoking its "drag-along rights") to transfer the c.4.8 per cent. of the shares of interactive investor held by minority shareholders to Antler[22].

The effect is such that, following Completion, abrdn should own 100 per cent. of the issued share capital of Antler and Antler should own 100 per cent. of the issued share capital of interactive investor.

As part of the Acquisition, Richard Wilson, interactive investor's Chief Executive Officer, will join abrdn and continue to lead interactive investor. The abrdn Group intends to operate interactive investor as a discrete consumer-focused business within the abrdn Group.

Consideration

The purchase price payable for 100 per cent. of the Antler shares, and the c.4.8 per cent. minority holding in interactive investor, will be £1.49 billion in cash. The purchase price is subject to: (i) a "locked box" adjustment mechanism[23] using a set of accounts drawn up as at 30 September 2021; and (ii) an adjustment based on the minimum Regulatory Capital Requirement of the Target Group as at 31 March 2022.

The value of the regulatory capital adjustment will be equal to two times the difference between the actual minimum Regulatory Capital Requirement as at 31 March 2022 and £48.4 million, with the purchase price to be increased if the Regulatory Capital Requirement is less than £48.4 million, and the purchase price to be decreased if the Regulatory Capital Requirement is more than £48.4 million. The maximum regulatory capital adjustment (in either direction) will be £20 million. As a result, the total deal consideration will be in the range of £1.47 billion to £1.51 billion, assuming no adjustment is required under the terms of the "locked box" mechanism. In December 2021, the FCA confirmed to Interactive Investor Services Limited ("**IISL**") that it had changed the capital guidance to which IISL is subject by removing a capital planning buffer and replacing it with alternative capital guidance. The effect of this is likely to be that the adjustment mechanism based on the minimum Regulatory Capital Requirement will have the effect of increasing the purchase price, though the precise amount of that increase is not yet certain.

Antler has outstanding Discount Notes in issue, which will be redeemed at Completion. abrdn will fund the redemption amount and such amount will be deducted from the purchase price payable at Completion.

Further details of the consideration payable pursuant to the Share Purchase Agreement, including further information about the potential price adjustments, are set out in Part IV (*Principal Terms and Conditions of the Acquisition*) of this Circular.

Conditions and break fee

Completion of the Acquisition is subject to the satisfaction of certain customary conditions (the "**Conditions**"), including:

(A) the approval of the Acquisition by Shareholders at the General Meeting (the "**Shareholder Approval Condition**");

[22] Further details on these "drag-along rights" are set out in Part II (*Questions and Answers relating to the Acquisition*) of this Circular.
[23] Further details on the "locked box" adjustment are set out in Part IV (*Principal Terms and Conditions of the Acquisition*) of this Circular.

(B) (i) the approval by the FCA of the change of control of certain regulated entities within the Target Group (provided that, if the approval is subject to any conditions, such conditions are acceptable to abrdn acting reasonably and any such conditions that are required to be satisfied before Completion have been satisfied); or (ii) the assessment period for the FCA's review of the change of control application having elapsed without the FCA having given notice to approve the Acquisition (either conditionally or unconditionally) or to object to the Acquisition (the "**FCA Condition**");

(C) (i) the CMA having confirmed that it does not have any further questions or require any further information regarding the Acquisition; or (ii) the CMA having opened a Phase 1 investigation into the Acquisition and having confirmed that the Acquisition will not be subject to a Phase 2 reference (the "**CMA Condition**"). The CMA Condition was satisfied on 21 December 2021; and

(D) no material adverse change having occurred in respect of the Target Group between the date of the Share Purchase Agreement and Completion. A material adverse change occurs if: (i) the number of customers of the Target Group at any time between the date of the Share Purchase Agreement and Completion falls below 90 per cent. of the number of the customers as at 30 September 2021; or (ii) any FCA permission that is required for the operation of the business of the Target Group has been revoked, withdrawn, terminated or not renewed by the FCA (each, a "**Material Adverse Change**") (the "**MAC Condition**").

abrdn currently expects Completion to take place in the second quarter of 2022 (subject to the satisfaction of the Conditions).

If the Shareholder Approval Condition, the FCA Condition and/or the CMA Condition have not been fulfilled by 31 August 2022 or any such later date as may be agreed in writing by the J.C. Flowers Fund and abrdn prior to the expiry of such date (or any such extended date) (the "**Longstop Date**") and any such date is not postponed in accordance with the terms of the Share Purchase Agreement, the Share Purchase Agreement will automatically terminate in full and cease to have effect at such time. In the event the Share Purchase Agreement terminates by reason only of either or both of the following events abrdn will be required to pay a break fee of £7.5 million in cash to the Sellers:

(A) the Shareholder Approval Condition not being met after the abrdn Directors withdraw, qualify or adversely amend their recommendation to vote in favour of the Resolution at the General Meeting; and/or

(B) the FCA Condition not being met because abrdn has received a decision notice under section 189(7) of the FSMA in respect of which the specified conditions are not acceptable to abrdn.

Further details of the Conditions and terms of the Acquisition are set out in Part IV (*Principal Terms and Conditions of the Acquisition*) of this Circular.

4. Information on the Target Group

interactive investor is the leading subscription-based, digitally-enabled, direct investing platform in the UK.[24] It was founded in 1995 and is based in Manchester, with offices in London and Leeds, and has c.777 employees[25]. Antler, the holding company of the Target Group, is controlled by a fund advised by J.C. Flowers & Co., a leading private equity firm.

[24] Second largest direct investing platform by AUA, as at 30 June 2021
[25] As at 30 June 2021, refers to FTEs, excluding The Share Centre FTEs

interactive investor has extensive experience of acquiring and integrating complementary platform businesses, having acquired TD Direct Investing in 2017, Alliance Trust Savings in 2019, and The Share Centre in 2020. The latest acquisition was the EQi book of customers, which completed in June 2021.

The Target Group generated adjusted profit before tax of £45.5 million[26] and reported profit before tax of £41.7 million[27] for the year ended 31 December 2020.

5. Financing of the Acquisition

The Acquisition will be funded in cash from abrdn's capital resources.

On 13 December 2021, abrdn issued Additional Tier 1 debt of £210 million to optimise our capital structure. As a result, following the Acquisition, abrdn's capital position will remain strong with an indicative pro forma regulatory capital surplus (post IFPR) of c.£0.5 billion[28] and in addition c.£1.9 billion in value from our listed investments[29].

6. Financial effects of the Acquisition

On a pro forma basis: (i) assuming the Acquisition had occurred on 1 January 2020, the Enlarged Group would have had total income from continuing operations of £3,744 million and profit before tax from continuing operations of £848 million for the year ended 31 December 2020 and (ii) assuming that the Acquisition had occurred on 31 December 2020, the Enlarged Group would have had net assets of £6,789 million as at 31 December 2020, as more fully described in Part VI (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of this Circular.

For comparison, abrdn reported total income from continuing operations of £3,609 million and profit before tax from continuing operations of £838 million for the year ended 31 December 2020, and net assets of £6,813 million as at 31 December 2020.

7. Dividends

The Acquisition is expected to improve abrdn's dividend cover. The Acquisition does not have any impact on the abrdn Board's stated intention to maintain the total dividend at 14.6 pence per annum until it is covered at least 1.5 times by adjusted capital generation, at which point the abrdn Board will seek to grow the dividend in line with its assessment of the underlying medium term growth in profitability.

8. Current trading, trends and prospects

8.1 *abrdn Group*

The financial results for abrdn for the full year ended 31 December 2021 will be announced on 1 March 2022.

Overall, trading for the year was in line with management expectations, with the trajectory in revenue growth seen in the first half of 2021 broadly continuing for the full year. AUMA at 31 December 2021 increased to £542 billion, compared with £535 billion at 31 December 2020.

8.2 *Target Group*

interactive investor has continued to have good momentum during the second half of 2021. In the six months to 31 December 2021, the business attracted c.17,500 new customers, c.12 per cent. higher than in the comparable period in 2020, and continues to retain high levels of assets per customer. At 31 December 2021, interactive investor had c.403,000 customers and AUA of c.£59 billion.

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[26] Twelve months to 31 December 2020. Reflects reported results for interactive investor

[27] Twelve months to 31 December 2020. Reflects reported results for interactive investor

[28] As at 30 September 2021

[29] As at 31 January 2022. Includes the impact of the sale of 39,981,442 ordinary shares in Phoenix Group Holdings plc by abrdn in January 2022, resulting in aggregate gross sale proceeds of approximately £264 million

Trading volumes have remained significantly above pre-COVID-19 levels with daily average retail trades volumes of c.22,000 over the twelve months to 31 December 2021, compared with c.8,700 over the same period to 31 December 2019.

9. General Meeting

The Acquisition, if completed, is of sufficient size relative to abrdn to constitute a Class 1 transaction for abrdn under the Listing Rules. As such, the Acquisition is conditional upon the approval of Shareholders at the General Meeting. A General Meeting is to be held at etc.venues St Paul's, 200 Aldersgate, London, EC1A 4HD on 15 March 2022 at 2 p.m. to seek Shareholder approval of the Acquisition. A Notice convening the General Meeting is set out at the end of this Circular.

10. Action to be taken

Your support is important to us. Please read the notes to the Notice of General Meeting set out at the end this Circular for an explanation of how to attend and vote at the General Meeting, including how to appoint a proxy to attend and vote on your behalf.

Whether or not you propose to attend the General Meeting, you are requested to:

(A) complete, sign and return the enclosed Voting Form in accordance with the instructions printed thereon and contained in this Circular so as to be received by the Registrar no later than 6 p.m. on 11 March 2022;

(B) register the appointment of your proxy electronically via the internet at www.abrdnshares.com, where full instructions are given. Please note instructions must be received by no later than 6 p.m. on 11 March 2022;

(C) if you hold shares in CREST you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Registrar (CREST participant ID RA19) so that it is received by no later than 6 p.m. on 11 March 2022; or

(D) if you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform. Your proxy instruction must be received by no later than 6 p.m. on 11 March 2022.

The return of a completed Voting Form, electronic proxy appointment or CREST Proxy Instruction or Proxymity Proxy Instruction will not prevent you from attending the General Meeting and voting in person if you wish to do so.

If you have any queries relating to this Circular or attending and voting at the General Meeting, please telephone Shareholder Services on +44 (0)371 384 2464 or +44 (0)371 384 2493 if calling from Germany or Austria. The helpline cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

Calls may be monitored and/or recorded to protect both you and us and to help with our training. Call charges will vary.

11. Further information

Your attention is drawn to the further information in this Circular set out in Part II (*Questions and Answers relating to the Acquisition*) to Part VIII (*Additional Information*) (inclusive) of this Circular. In particular, Shareholders should consider fully and carefully the risks associated with the Acquisition, including the risk factors set out in Part III (*Risk Factors*).

12. Recommendation

The abrdn Directors have received financial advice from J.P. Morgan Cazenove in relation to the Acquisition. In providing their financial advice to the abrdn Directors, J.P. Morgan Cazenove has relied upon the abrdn Directors' commercial assessment of the Acquisition.

The abrdn Directors consider the Acquisition is in the best interests of abrdn and its Shareholders as a whole and unanimously recommend that Shareholders vote in favour of the Resolution to be proposed at the General Meeting, as those of the abrdn Directors who have beneficial interests in abrdn Shares intend to do in respect of their own individual beneficial shareholdings which they are able to vote, being in aggregate 1,466,104 abrdn Shares, representing approximately 0.07 per cent. of the total issued ordinary share capital of abrdn as at the Latest Practicable Date.

Yours sincerely,

Sir Douglas Flint
Chairman

PART II
QUESTIONS AND ANSWERS RELATING TO THE ACQUISITION

To help you to understand the Acquisition, the following sets out some questions and provides brief answers. Shareholders should carefully read both the questions and the answers below and this Circular as a whole. In the event of any inconsistency between the contents of this Questions and Answers section and the contents of the other parts of this Circular, the other parts of this Circular shall prevail.

1. What is being proposed?

abrdn is proposing to acquire the interactive investor group for a total consideration of £1.49 billion. This consideration is subject to certain adjustments.

More particularly:

(A) abrdn is proposing to acquire 100 per cent. of the share capital of Antler, which is the holding company of the Target Group, from its current shareholders, including the J.C. Flowers Fund and members of interactive investor's management team. At the same, Antler will acquire the c.4.8 per cent. of the share capital of interactive investor currently held by minority investors and redeem the outstanding Discount Notes that it has issued.

(B) The purchase price for 100 per cent. of the Antler shares, together with the c.4.8 per cent. minority shares in interactive investor, will be £1.49 billion in cash, subject to certain adjustments. The amounts required to redeem the Discount Notes will be funded by abrdn and deducted from the purchase price paid by abrdn. The Acquisition will be funded in cash from abrdn's capital resources.

Further details of the terms and conditions of the Acquisition are set out in Part IV (*Principal Terms and Conditions of the Acquisition*) of this Circular.

2. Why has abrdn decided to purchase the Target Group?

The Acquisition presents a unique opportunity and a transformative step in delivering abrdn's growth strategy. interactive investor is the UK's leading subscription-based direct investing platform.[30] interactive investor attracts high-value customers and abrdn expects interactive investor to deliver a strong profile of growth and efficiency. abrdn's scale, resources, and shared vision will support interactive investor to grow confidently and expand its leadership position in the UK's attractive savings and wealth market.

3. What benefits will the Acquisition provide to the abrdn Group?

The Acquisition achieves scale in the high-growth UK direct investing market, accessing new customer segments and capabilities for abrdn, which will help transform abrdn's Personal vector, significantly adding to and diversifying revenue and profit streams. abrdn and interactive investor have a shared vision of the advantages of offering a range of high-tech, high-touch propositions that meet clients' financial needs throughout their lives, and provide a complete offering from execution-only trading to financial advice and discretionary investment management. interactive investor complements abrdn's existing Personal vector capabilities, and adds to recently acquired new digital capabilities through finimize, which offers digestible investing information and insights to a highly engaged investor community. From a financial perspective, abrdn expects the Acquisition to be double-digit earnings accretive[31] compared to

[30] Second largest direct investing platform by AUA, as at 30 June 2021
[31] In percentage terms, based on adjusted diluted earnings per share

standalone abrdn earnings in the first full financial year following Completion based on the historic and projected profitability of the Target Group and taking into account the beneficial elements and relevant costs of the Acquisition. While the level of earnings accretion may vary from year to year, the anticipated financial benefit is expected to be recurring, is contingent on completion of the Acquisition and could not be fully achieved independently. In abrdn's view, this represents a deployment of abrdn's capital not currently utilised within its business to drive incremental and sustainable growth, returns, scale and shareholder value.

4. What will abrdn's business look like following the Acquisition?

abrdn structures its business into three areas, which reflect our focus on enabling our clients to be better investors:

(A) **Investments:** abrdn works with clients to create solutions across markets, asset classes and investment strategies – combining abrdn's global network of investment professionals with research, data and technology.

(B) **Adviser:** abrdn offers market-leading platform technology and tools that enable UK wealth managers and financial advisers to look after the diverse needs of their clients.

(C) **Personal:** abrdn helps people throughout the UK plan for their financial futures – through abrdn's financial planning business, digital direct-to-consumer services and discretionary fund management services.

interactive investor will transform abrdn's Personal vector, significantly growing and diversifying revenue and profitability. On a pro forma basis: (i) assuming the Acquisition had occurred on 1 January 2020, the Enlarged Group would have had total income from continuing operations of £3,744 million and profit before tax from continuing operations of £848 million for the year ended 31 December 2020 and (ii) assuming that the Acquisition had occurred on 31 December 2020, the Enlarged Group would have had net assets of £6,789 million as at 31 December 2020, as more fully described in Part VI (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of this Circular. By way of comparison, abrdn reported total income from continuing operations of £3,609 million and profit before tax from continuing operations of £838 million for the year ended 31 December 2020, and net assets of £6,813 million as at 31 December 2020.

abrdn also intends to continue investing in a disciplined manner in enhancing its Investments vector, which caters for the needs of global institutional and wholesale clients, and its market-leading Adviser business, which focuses on the needs of UK independent financial advisers.

5. What am I being asked to approve with regards to the Acquisition?

Because of its size, the Acquisition constitutes a Class 1 transaction under the Listing Rules for abrdn and, as such, requires shareholder approval. You are being asked to approve the Acquisition and to authorise the abrdn Directors to take all actions necessary in connection with the Acquisition. The exact wording of the Resolution is set out in full in the Notice of General Meeting, contained at the end of this Circular.

6. What needs to happen for the Acquisition to complete?

Completion of the Acquisition is subject to the satisfaction of certain customary conditions, including: (i) the Shareholder Approval Condition; (ii) the FCA Condition; (iii) the CMA Condition; and (iv) certain material adverse events not having occurred in respect of the Target Group by Completion. The CMA Condition was satisfied on 21 December 2021. Further details of the terms and conditions of the Acquisition are set out in Part IV (*Principal Terms and Conditions of the Acquisition*) of this Circular.

abrdn currently expects Completion to take place in the second quarter of 2022 (subject to satisfaction of the Conditions).

7. What happens if the Conditions are not satisfied?

If any of the FCA Condition, the Shareholder Approval Condition or the CMA Condition ("**abrdn Conditions**") have not been fulfilled by 5.00 p.m. on the Longstop Date, then abrdn or the J.C. Flowers Fund shall be entitled, by written notice to each other on or before such date, to postpone such date by up to 30 Business Days (or such other date as abrdn and the J.C. Flowers Fund may agree) to enable any outstanding abrdn Condition to be satisfied (the Long Stop Date, as so postponed, being the "**Postponed Longstop Date**"). If any of the abrdn Conditions have not been fulfilled by 5.00 p.m. on: (i) the Longstop Date and such date is not postponed; or (ii) the Postponed Longstop Date (as applicable) the Share Purchase Agreement will automatically terminate in full and cease to have effect at such time and the break fee may be payable as discussed below. The CMA Condition was satisfied on 21 December 2021.

Completion of the Acquisition is also subject to certain material adverse events not having occurred in respect of the Target Group by Completion. abrdn may, by written notice to the J.C. Flowers Fund, terminate the Share Purchase Agreement at any time before Completion if such a material adverse event occurs.

8. In what circumstances will the break fee be payable?

abrdn would be required to pay a break fee of £7.5 million in cash to the Sellers in the event the Share Purchase Agreement terminates, as discussed above, by reason only of either or both of the following events occurring by or before the Longstop Date or the Postponed Longstop Date:

(A) the Shareholder Approval Condition not being met after the abrdn Directors withdraw, qualify or adversely amend their recommendation to vote in favour of the Resolution at the General Meeting; and/or

(B) the FCA Condition not being met because abrdn has received a decision notice under section 189(7) of the FSMA in respect of which the specified conditions are not acceptable to abrdn.

9. Why might the structure of the Acquisition require the exercise of certain "drag-along rights"?

The structure of the Acquisition may require the exercise of certain "drag-along rights" in order to facilitate the acquisition by abrdn of the entire issued share capital of Antler and the acquisition by Antler of the c.4.8 per cent. of the share capital of interactive investor currently held by minority investors. This is because the Sellers only own the majority of the issued share capital in Antler and certain minority shareholders remain in interactive investor.

The articles of incorporation of Antler contain "drag-along rights" provisions that allow the holders of a majority of the Antler A ordinary shares to agree to transfer their shares to a third party purchaser (in this case abrdn) and to require each other shareholder to transfer their shares to that same third party. Similarly, the articles of association of interactive investor contain provisions that allow Antler to require the interactive investor minority shareholders to transfer their shares to Antler.

Accordingly:

(A) the Management Sellers have agreed to take certain steps (and the J.C. Flowers Fund and MMC have agreed, if necessary, to invoke their drag-along rights) to transfer the shares of the other Antler shareholders to abrdn; and

(B) the J.C. Flowers Fund and the Management Sellers have agreed to procure that Antler takes certain steps (including, if necessary, by invoking its drag-along rights) to transfer the c.4.8 per cent. of the shares in interactive investor held by minority shareholders to Antler.

The effect is such that, following Completion, abrdn should own 100 per cent. of the issued share capital of Antler and Antler should own 100 per cent. of the issued share capital of interactive investor.

10. How will the Acquisition affect my dividends?

The Acquisition is expected to improve abrdn's dividend cover. The Acquisition does not have any impact on the Board's stated intention to maintain the total dividend at 14.6 pence per annum until it is covered at least 1.5 times by adjusted capital generation, at which point the Board will seek to grow the dividend in line with its assessment of the underlying medium term growth in profitability.

11. What are the risks associated with the Acquisition?

Prior to making any decision to vote in favour of the Resolution at the General Meeting, Shareholders should consider the factors and the risks associated with the Acquisition, together with all other information contained in this Circular, including, in particular, the risk factors which are set out in Part III (*Risk Factors*) of this Circular. abrdn considers these to be the material risk factors relating to, or which could otherwise arise from or be impacted by, the Acquisition.

12. How do I vote?

abrdn intends to hold a General Meeting at etc.venues St Paul's, 200 Aldersgate, London, EC1A 4HD at 2 p.m. on 15 March 2022 to consider the Acquisition and to seek Shareholder approval. This Circular contains the Notice of General Meeting. It is important that you have your say. If you have been sent a Voting Form, please complete and return this by 6 p.m. on 11 March 2022 or visit www.abrdnshares.com to complete a Voting Form online.

PART III
RISK FACTORS

Prior to making any decision to vote in favour of the Resolution at the General Meeting, Shareholders should consider the factors and the risks associated with the Acquisition, together with all other information contained in this Circular, including, in particular, the risk factors described below. abrdn considers these to be the material risk factors relating to, or which could otherwise arise from or be impacted by, the Acquisition.

The following is not an exhaustive list or explanation of all the risks that may affect the abrdn Shares or the abrdn Group. Additional risks and uncertainties relating to the abrdn Shares and the abrdn Group that are not currently known to the abrdn Board, or that the abrdn Board currently deem immaterial, may, individually or cumulatively, also have a material adverse effect on the business, financial results or financial condition and prospects of the abrdn Group, the Target Group and, following Completion, the Enlarged Group, and, if any such risk should materialise, the price of abrdn Shares may decline and investors could lose all or part of their investment.

The information given is as of the date of this Circular and, except as required by the FCA, the London Stock Exchange, the Listing Rules, the DTRs, the Market Abuse Regulation or any other law or regulation, will not be updated.

1. RISKS RELATING TO THE ACQUISITION

1.1 *The Acquisition is subject to a number of Conditions that may not be satisfied and there is a risk that the Acquisition will not be implemented on a timely basis or at all*

The Acquisition is conditional upon, in each case by the Longstop Date, the satisfaction of the Conditions, namely: (i) the FCA Condition; (ii) the CMA Condition; (iii) the Shareholder Approval Condition; and (iv) the MAC Condition. The CMA Condition was satisfied on 21 December 2021.

abrdn is obliged, pursuant to the Share Purchase Agreement, to use all reasonable endeavours to procure the satisfaction of the FCA Condition and the Shareholder Approval Condition, in each case as soon as reasonably practicable following the date of the Share Purchase Agreement. The J.C. Flowers Fund and the Management Sellers are required to co-operate in certain instances with abrdn in connection with the FCA Condition and the Shareholder Approval Condition and, in respect of the MAC Condition, to use all reasonable endeavours to procure that such Condition remains satisfied at all times prior to Completion.

Notwithstanding these obligations, there is no guarantee that each of the Conditions will be satisfied in the necessary timeframe and the Acquisition may, therefore, be delayed or may not complete at all. Any delay to Completion would cause a prolonged period of uncertainty for the abrdn Group and the Target Group, as well as their respective customers, clients and employees (including members of their respective management teams). Any delay may also result in the accrual of additional costs to the businesses of the abrdn Group and the Target Group, without any of the potential benefits of the Acquisition having been achieved.

As a condition to their clearance of the Acquisition, merger control and regulatory authorities have the discretion to impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of the business of the abrdn Group, the Target Group or, following Completion, the Enlarged Group. These requirements, limitations, costs, divestitures or restrictions could jeopardise or delay the Completion of the Acquisition or may reduce the anticipated benefits of the Acquisition. As noted above, the CMA Condition was satisfied on 21 December 2021; however this does not preclude the CMA from asking further questions about the Acquisition at a later stage and, if new information comes to light, the CMA has until four months from Completion to open a formal merger control investigation.

If the Acquisition does not complete, the abrdn Group would not have realised the expected benefits of the Acquisition, and a substantial amount of the abrdn Group's employees' (including management) time may have been diverted from operations in pursuit of the Acquisition. In addition, if the Acquisition does not proceed to Completion, there may be an adverse impact on the reputation and brand of the abrdn Group, for example, as a result of negative media scrutiny arising in connection with the attempted Acquisition.

1.2 *There are risks associated with the structuring of the Acquisition*

The structure of the Acquisition relies upon the potential exercise of certain drag-along rights in order to facilitate the acquisition by abrdn of the entire issued share capital of each of Antler and (indirectly) interactive investor. There is a risk that one or more of the minority shareholders in each of Antler and interactive investor may seek to challenge the exercise of those drag-along rights to transfer their respective shares to abrdn as part of the Acquisition. If such a scenario were to occur, it could result in a dispute pursuant to which one or more dissenting minority shareholders could seek: (i) an award of damages to compensate the relevant shareholder for any difference in value between the price paid for their shares pursuant to the exercise of the relevant drag-along rights pursuant to the Share Purchase Agreement and any higher price which they are found to have been entitled to receive under the articles of incorporation of Antler or the articles of association of interactive investor (as applicable); and/or (ii) other remedies. Even if any claims from dissenting minority shareholders are unsuccessful, abrdn, Antler and interactive investor and, following Completion, the Enlarged Group may still incur costs in responding to and defending any such claims. Although abrdn has the benefit of certain protections under the Share Purchase Agreement in respect of costs incurred in relation to any such claims from dissenting minority shareholders, there is a risk that these protections are not sufficient to enable abrdn to recover the amount of such costs in full or at all.

As such, there is also a risk that abrdn may fail to acquire the entire issued share capital of each of Antler and interactive investor. In such circumstances, there could be a material delay to Completion or failure to achieve Completion. If Completion occurred notwithstanding this, this would lead to an increased administrative burden and costs, the need to share dividends with the minority shareholders on a pro rata basis and the need to take such minority interests into account in relation to any intra-group restructuring or changes to shareholder rights.

Therefore, the consequences of a material delay to Completion or failure to achieve Completion or failure to acquire the entire issued share capital of each of Antler and (indirectly) interactive investor may have a material adverse effect on the business, results of operations, financial condition and/or prospects of the abrdn Group, the Target Group and/or the Enlarged Group.

1.3 *Warranties and other contractual protections contained in the transaction documents may provide only limited protection for the abrdn Group*

All of the shareholders in Antler and the minority shareholders in interactive investor (together, the "**ii Shareholders**") will give certain title and capacity warranties. The J.C. Flowers Fund has also given an indemnity and a warranty in favour of abrdn in relation to the exercise of the drag-along rights. The abrdn Group's ability to recover damages or compensation from the ii Shareholders under these warranties and the indemnity is subject to customary limitations and exclusions. Accordingly, the abrdn Group could have limited ability to recover damages or compensation from the J.C. Flowers Fund and the other ii Shareholders. Moreover, there is no guarantee that any of the ii Shareholders will be able to discharge such liabilities to the extent that they fall due. For example, the J.C. Flowers Fund is the largest shareholder of Antler and a private equity seller, and it may at some point following Completion distribute its assets to its investors, be wound up and/or cease to be an entity of substance. In such a scenario, abrdn may struggle to recover meaningful amounts in respect of any valid claim it has against the J.C. Flowers Fund and this type of risk is inherent in deals involving private equity sellers. The Management Sellers may also become employees retained in the Enlarged Group following Completion, and are expected to play a key part in the Enlarged Group's future development of the Target Group business; accordingly abrdn may not wish to pursue claims against such persons.

The Management Warrantors have also given certain fundamental and business warranties, however the liability for any breach of these warranties is limited by, among other things, an aggregate financial cap of £1. This financial cap results from the fact that abrdn has obtained warranty and indemnity insurance policies from third party insurers which will provide coverage, in accordance with their terms and conditions, for certain breaches of warranties following Completion. Those policies are, however, subject to customary limitations and exclusions as well as certain exclusions specific to the Acquisition. In particular, there is an aggregate limit of liability of £375 million under the insurance policies. These limitations and exclusions could result in the abrdn Group assuming undisclosed liabilities as a result of the Acquisition, incurring loss, and/or otherwise failing to realise the expected value of the Acquisition. There can also be no assurance that, if losses are covered by such insurance policies, any insurer will meet its obligations to insure and fully cover the losses.

In addition, while the Share Purchase Agreement imposes certain restrictions on certain of the Sellers in relation to the actions to be taken or not taken by the Target Group prior to Completion and an obligation on certain of the Sellers to procure that the business of the Target Group is carried on in the ordinary course and in all material respects in compliance with all applicable laws, the abrdn Group will not control or operate the Target Group until after Completion. Accordingly, it is possible that actions may be taken (or not taken) in respect of the Target Group prior to Completion which adversely impact the Target Group but which do not give rise to a right of abrdn to terminate the Share Purchase Agreement or to seek compensation from the ii Shareholders. Furthermore, it is possible that one or more adverse events affecting the Target Group could occur prior to Completion but which do not amount to a material adverse change under the terms of the Share Purchase Agreement and which would not, therefore, give rise to a right of abrdn to terminate the Share Purchase Agreement. In any such circumstance, the value of the Target Group at and following Completion may be less than anticipated and, following Completion, this could adversely impact on the value of the Enlarged Group.

1.4 *The due diligence conducted may not have revealed all of the risks associated with the Acquisition*

Whilst the abrdn Group has performed due diligence on the Target Group in connection with the Acquisition, there is a risk that the diligence performed and/or the disclosures made by the Management Warrantors in respect of the Target Group (upon which the abrdn Group has relied) may not be complete, accurate or correct or may not reveal all of the relevant facts that may be necessary or helpful in evaluating the Acquisition or all of the risks associated with the Acquisition or the full extent of any liability which may arise from such risks. In addition, the Target Group has undertaken a number of acquisitions and disposals in the past. As such, following Completion, the Enlarged Group may also be subject to undisclosed liabilities or claims in connection with such historic acquisitions or disposals conducted by the Target Group and legacy conduct and other exposures with respect to the Target Group that were not identified during due diligence. In such circumstances, the abrdn Group could assume undisclosed liabilities as a result of the Acquisition and/or the value of the Target Group may otherwise be less than anticipated by abrdn. If the Target Group's acquisitions or investments do not yield expected returns, it may be required to take charges or impairments to its operating results based on this impairment assessment process, which could adversely affect the Enlarged Group's business, financial condition, results of operations and prospects. In addition, further expenditure may be required in circumstances where the diligence process has not revealed a defect in the quality of any of the assets of the Target Group but a defect is revealed following Completion, and expenditure by the Enlarged Group is required to improve the quality of such asset to the standards of the abrdn Group. If any or all of these risks were to materialise, the result could have a material adverse impact on the Enlarged Group's business, results of operations, financial condition and/or prospects.

1.5 *A break fee may be payable in certain circumstances if the Acquisition does not complete*

abrdn would be required to pay a break fee of £7.5 million in cash to the Sellers in the event the Share Purchase Agreement terminates by reason only of either or both of the following events occurring: (A) the Shareholder Approval Condition not being met after the abrdn Directors withdraw, qualify or adversely amend their recommendation to vote in favour of the Resolution at the General Meeting; and/or (B) the FCA Condition not being met because abrdn has received a decision notice under section 189(7) of the FSMA in respect of which the specified conditions are not acceptable to abrdn.

2. RISKS RELATING TO THE ENLARGED GROUP WHICH RESULT FROM OR ARE IMPACTED BY THE ACQUISITION

2.1 *The Enlarged Group may not be able to fully realise the anticipated benefits of the Acquisition*

There can be no certainty that the Enlarged Group will be able to achieve certain or any of the anticipated benefits of the Acquisition, or that any benefits that do materialise will meet the expectations of abrdn or its Shareholders, and it may take longer than expected to realise any benefits of the Acquisition.

The UK direct investing market has grown at c.15 per cent. compound historically[32] and is expected to continue growing at a similar rate[33] in the future driven by accelerating demographic and structural market trends. If such assumptions change or prove incorrect and/or such growth slows or reverses due to, for example, a change in customer behaviour and/or customer attraction to the Target Group's business, then, following Completion, the Enlarged Group may fail to achieve certain or all of the anticipated benefits that abrdn expects to realise as a result of the Acquisition, or it may take longer than expected to realise those benefits. If the anticipated benefits are not achieved, or take longer than expected to be realised, this could have an adverse effect on the business, prospects, financial condition and/or results of operations of the Enlarged Group.

In addition, the costs associated with achieving these benefits (including transaction costs) may exceed expectations. In particular, the strategic growth opportunities and financial returns which abrdn expect to achieve as a result of the Acquisition relate to future actions and circumstances which, by their nature, involve assumptions, uncertainties and contingencies. As a result, these anticipated benefits may not be achieved, or those achieved could be materially different from those anticipated.

abrdn believes that the consideration for the Acquisition is justified in part by the financial returns and other Acquisition benefits it expects to achieve by acquiring the Target Group. However, these expected benefits may not materialise, the assumptions which abrdn relied on in deciding to pursue the Acquisition may prove to be incorrect and/or the consideration payable for the Target Group may prove not to be reflective of its actual value. For example, there are risks that the Target Group may not perform as expected, the Target Group may face greater than expected competition, customer behaviour toward the Target Group's business may change adversely, or that due diligence may prove not to be effective in identifying all risks associated with the Acquisition or the full extent of any liability which may arise from such risks.

To the extent that the Enlarged Group incurs higher costs, liabilities or taxes in connection with the Acquisition or achieves lower financial returns or cost savings than expected, the Enlarged Group's

[32] Fundscape, D2C channel assets. Refers to period of 30 June 2015 to 30 June 2021
[33] Fundscape, D2C channel assets. Projected growth reflects 'realistic' forecast for direct to consumer channel

business, results of operations, financial condition and/or prospects may be negatively impacted. Such outcomes could also adversely affect the services that each of the abrdn Group and the Target Group currently provide, and those that the Enlarged Group will provide following Completion, which could have an adverse effect on relationships with customers, clients, employees and suppliers.

2.2 *The Enlarged Group will be subject to regulation regarding the use of personal information on a wider scale*

Given the nature of the Target Group's business, it is required to comply with strict data protection and privacy legislation and regulatory requirements, including (without limitation) the UK GDPR. These laws restrict the Target Group's ability to collect, use and disclose personal information, and impose internal compliance requirements. As a result of the Acquisition, the Enlarged Group will therefore handle more personal information than the abrdn Group does at present. If, following Completion, the Enlarged Group (or any third party service providers on which it relies) fail to: (i) adequately secure personal information (including (without limitation) wrongful appropriation or accidental loss or disclosure of personal information resulting from a cyber incident (including any damage or interruption to digital systems arising from unauthorised access, misuse, computer viruses or other malicious code and other similar events) or a major network failure or interruption); (ii) implement appropriate notices and controls relating to the collection, use and disclosure of personal information; or (iii) otherwise process personal information in accordance with applicable obligations, the Enlarged Group could face liability under data protection laws (including enforcement action by regulators and potential fines) or under its customer contracts, and could suffer reputational and brand damage from the resulting loss of goodwill of individuals such as existing customers or employees, which could also deter new customers. The occurrence of any of these events could have a material adverse effect on the Target Group and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

2.3 *The Enlarged Group could suffer a loss of business as a result of uncertainty or negative market sentiment regarding the Acquisition*

The Enlarged Group's success and results will be dependent on the strength of its brands and reputation. While both the abrdn Group and the Target Group are recognised, they are, and will continue to be, vulnerable to adverse market, customer and client perception and sentiment, including customer and client perception and sentiment regarding the Acquisition and the Enlarged Group following Completion. There is a risk that customers and clients may choose to move business away from the Enlarged Group due to a lack of confidence in the Enlarged Group, a lack of support for the Acquisition or the actual or perceived strategic and business priorities of the Enlarged Group or otherwise. This is notwithstanding that abrdn intends to operate the business of the Target Group as a discrete consumer-focused business within the Enlarged Group following Completion, including a continued commitment to interactive investor's open-architecture, subscription model. The occurrence of this may also have a material adverse effect on the business, results of operations, financial condition and/or prospects of the abrdn Group and/or the Target Group before Completion, and the Enlarged Group following Completion.

2.4 *It may be difficult for the Enlarged Group to retain appropriately qualified personnel to fulfil the requirements of the Enlarged Group, and this could impair the Enlarged Group's brand and reputation*

As a global financial services organisation, the Enlarged Group will rely, to a considerable extent, on the quality of key talent and business leaders in each of the regions and countries in which it operates. Senior management and key employees of the Target Group (including Richard Wilson (Chief Executive Officer)) may be important to the future success of the Target Group. Such individuals have significant industry experience and knowledge of the Target Group's systems and processes, all of which make them important to the success of the Acquisition and the future operations and prospects of the Enlarged Group. However, there can be no guarantee that such key individuals will not leave the Enlarged Group either as a result of the Acquisition or for other reasons.

In addition, the success of the Target Group's operations will be dependent on, among other things, the ability to attract and retain highly qualified professional people. The ability to retain key people and, in particular, directors and senior management, will be dependent on a number of factors, including prevailing market conditions, culture and working environment and compensation packages offered by companies competing for the same talent. In addition, it is unclear how the long-term impact of the UK's exit from the EU might impact the Enlarged Group's ability to attract and retain key people in the UK or how new immigration requirements may impact the ease with which UK nationals can work in any of its European locations. As a result, the Acquisition increases the level of risk to which the abrdn Group and, following Completion, the Enlarged Group is currently exposed in this regard.

The loss of key employees, particularly to competitors, and the increased risk in the difficulty in attracting and retaining appropriately qualified personnel could also have adverse consequences for the Enlarged Group. Any inability of the Enlarged Group to retain key employees and/or attract and retain appropriately qualified personnel could impair the brand and reputation of the Target Group and/or the Enlarged Group and adversely affect the Enlarged Group's ability to run its businesses (through an inability to execute business operations and strategies effectively), which could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and/or prospects.

2.5 *The risk that the Enlarged Group may suffer a catastrophic cyber incident is increased*

Given the nature of the Target Group's business, which is an online investment platform, the Target Group is highly dependent on digital systems to operate effectively. The Target Group's operational performance could be materially adversely affected by a catastrophic cyber incident. Since the Target Group's business operates as an online investment service, the Acquisition may increase the level of risk to which the abrdn Group and, following Completion, the Enlarged Group is currently exposed in this regard.

The Target Group's digital systems are vulnerable to damage or interruption arising from unauthorised access, misuse, computer viruses or other malicious code and other similar events that could have a security impact. In particular, the Target Group is exposed to the risk that criminals (malicious third parties or insiders) may attempt to use cyber-crime techniques, including malicious software, distributed denial of service attacks, social engineering and hacking of systems to affect the availability, confidentiality and integrity of its digital systems.

The increasing sophistication of cyber criminals and the importance of digital interaction with the Target Group's customers to its strategy means the inherent risk of failure of its operations due to the malicious acts of third parties which may increase if controls are not adequate. The risk of a cyber incident occurring may also be increased by the ongoing COVID-19 pandemic as a result of changed working patterns, with employees continuing to working from home to a greater extent than was previously the case. As a result, the Acquisition may increase the level of risk to which the abrdn Group and, following Completion, the Enlarged Group is exposed in this regard.

Given abrdn intends to continue to operate the Target Group as a discrete consumer-focused business within the abrdn Group, there is no certainty that the Target Group's infrastructure and controls will prove effective in all circumstances and any failure of the controls or other digital system failure (whether resulting from actions by third parties or malicious insiders or otherwise) could result in significant financial losses.

The occurrence of any such cyber-security incident could lead to a loss of confidentiality, decreased availability and integrity of systems and business interruption. Any damage, malfunction, interruption or failure of systems, networks or technologies could damage the Target Group's and, consequently, the Enlarged Group's reputation and have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and/or prospects.

2.6 *The Enlarged Group may suffer a major network failure or interruption, or may not be able to carry out critical operations due to the failure of infrastructure, data or technology, or a lack of supply*

The nature of the Target Group's business makes the Target Group highly dependent on its digital systems to operate effectively. The Target Group's operational performance could be materially adversely affected by: (i) a failure to maintain the health of its assets or networks; (ii) inadequate record keeping or control of data including, in particular, customer data; and/or (iii) a failure of information systems and supporting technology. As a result of the Acquisition, the Enlarged Group may therefore be exposed to a greater level of risk in this regard, and this could increase the risk that the Enlarged Group fails to meet agreed standards of service or breaches a licence, approval, regulatory requirement or contractual obligation. There is also a risk that the Target Group's information technology systems do not keep up with developments in its target markets or the needs of its customers or do not meet the requirements of the abrdn Group, leading, in each case, to disruption. Such failures, breaches or disruptions could damage the Target Group's and, consequently, the Enlarged Group's reputation and have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and/or prospects.

2.7 *The Enlarged Group will be reliant on third parties and any interruption or deterioration in the performance of these third parties could impair the timing and quality of the Enlarged Group's services to its clients*

The Target Group has outsourced certain functions, including trading platform and custody services and SIPP administration services to third parties. The Target Group is reliant on such third parties to which the Target Group has outsourced certain functions. In respect of the Target Group, key outsourced service providers include FNZ (UK) Ltd and BW SIPP LLP. FNZ (UK) Ltd is also a key vendor to other businesses within the abrdn Group.

Any interruption to the services of these third parties or any deterioration in their performance of the outsourced services could impair the timing and quality of the Target Group's and, following Completion, the Enlarged Group's services to its clients. Moreover, a number of the Target Group's contracts in respect of the outsourced functions contain termination rights which permit the counterparty to terminate on a change in control, thereby requiring consent from such counterparties in respect of the Acquisition. No assurance can be given that such consents will be obtained. Even if all such consents are obtained, no assurance can be given as to the terms, conditions and timing of such consents. If the Target Group contracts with any of these third-party providers were to be terminated, the Enlarged Group may not find alternative service providers on a timely basis or who are commensurately qualified or skilful, or who are prepared to contract on as favourable terms, and may suffer disruption as a result of any transition of functions to new providers. Errors by third party providers, for example in relation to pricing functions, could result in reputational damage, a requirement to pay compensation to customers or clients or regulatory action or fines. The Target Group and, following Completion, the Enlarged Group may be unable to recover losses from such third party providers, for example in the event of financial distress or limitations on liability. The occurrence of any of these events could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and/or prospects.

2.8 *The Enlarged Group will have increased exposure to risks associated with violations of business conduct rules*

The Target Group and the abrdn Group currently operate as two separate and independent businesses, and abrdn intends to continue to operate the Target Group business as a discrete consumer-focused business within the abrdn Group. The activities of the Target Group and the abrdn Group are subject to laws regarding the prevention of money laundering, tax evasion, the financing of terrorism and bribery. The abrdn Group's and the Target Group's monitoring of compliance with such laws requires significant technical capabilities. abrdn's intention to continue to operate the Target Group business as a discrete consumer-focused business within the abrdn Group may have the effect that the Enlarged Group's compliance policies and procedures could deviate from the abrdn Group's current compliance policies and procedures or that the policies and processes of the Enlarged Group may prove to be inadequate to discharge the compliance requirements in relation to these laws. Any such consequential deviations or inadequacies may have adverse consequences, including sanctions, fines, penalties and reputational damage, all of which could have a material adverse effect on the Target Group and, following Completion, the Enlarged Group's business, results of operations, financial condition and/or prospects.

2.9 *The Enlarged Group will be exposed to risks associated with an increased focus on the United Kingdom market including the impact of the COVID-19 pandemic*

The Target Group's operations are primarily located in, and most of its revenue is derived from, the United Kingdom. The Enlarged Group will therefore have an increased presence in, and will derive a higher percentage of its overall revenue from, the United Kingdom. As a result, the Enlarged Group will be more exposed to market volatility in the United Kingdom, including increased risks relating to macroeconomic factors affecting the United Kingdom. Any failure to manage the Enlarged Group's exposure to political, regulatory, financial and/or economic challenges in the United Kingdom, including the Government of the United Kingdom's ongoing response to the COVID-19 pandemic, could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and/or prospects. On 11 March 2020, the World Health Organisation announced that the outbreak of COVID-19 (commonly referred to as coronavirus) had been declared a global pandemic which has directly impacted the United Kingdom. The long-term impacts of the outbreak are unknown and continue to evolve. Whilst COVID-19 has not had a material negative impact on the Target Group to date, the future development of the pandemic is highly uncertain and there is no assurance that it will not have a material adverse effect on the business, prospects, financial condition and/or results of operations of the Target Group and, following Completion, the Enlarged Group.

2.10 *abrdn's ability to pay dividends in the future is not guaranteed and may be impacted by the Acquisition*

The ability of abrdn to continue to pay any future dividends in respect of abrdn Shares following the Acquisition will depend on a number of factors, including: (i) the level of profit earned by the Enlarged Group; (ii) the Enlarged Group continuing to meet its regulatory capital requirements; and (iii) the level of abrdn's cash resources and distributable reserves out of which, as a matter of law, any proposed dividend may be paid. These factors may be impacted by the Acquisition. Additionally, any change in the adjusted capital generation, tax or accounting treatment of dividends or investment income received by abrdn may also reduce the amount available for distribution to Shareholders. The abrdn Directors can give no assurances that abrdn will be able to pay a dividend in the future.

2.11 *Management distraction in connection with, or insufficient management capacity as a result of, the Acquisition could have an adverse effect on the business of the Enlarged Group*

The Acquisition has required, and will continue to require, time and focus from both the abrdn Group's and the Target Group's respective management teams, which could adversely affect their ability to operate effectively and efficiently each of the respective businesses carried on by the abrdn Group and the Target Group. There is a risk that the challenges associated with delivery of the Acquisition and managing the Enlarged Group may result in management distraction or insufficient management capacity and that, consequently, the abrdn Group, the Target Group and, following Completion, the Enlarged Group businesses may not perform in line with the expectations of abrdn or its Shareholders, which could have a material adverse effect on the business, results of operations, financial condition and/or prospects of the abrdn Group, the Target Group and, following Completion, the Enlarged Group as well as on the market value of abrdn Shares.

The Target Group and the abrdn Group currently operate as two separate and independent businesses and, although abrdn intends to continue to operate the Target Group as a discrete consumer-focused business within the Enlarged Group following Completion, the Acquisition will require a small degree of integration of the business of the Target Group with the existing functions of the abrdn Group and the success of this integration will depend, in part, on the effectiveness of that integration process. The Acquisition will require a degree of integration in certain systems and certain of the Enlarged Group's operations. This integration process may take longer than expected or may involve challenges, some of which may not be known until after Completion, which could have an adverse effect on the Enlarged Group's business, results of operations, financial condition and/or prospects.

2.12 *Following Completion, the regulatory capital requirements of the Enlarged Group will incorporate the regulatory capital requirements of the Target Group and the Enlarged Group's regulatory capital requirements may increase in the future*

The abrdn Group is, and, following Completion, the Enlarged Group will be, subject to regulatory capital requirements, which will include those of the Target Group as a result of the Acquisition. The FCA has broad discretion to impose increased regulatory capital requirements on regulated firms and groups and as such it is possible that the abrdn Group's and, following Completion, the Enlarged Group's regulatory capital requirements may be more onerous than abrdn currently anticipates. Moreover, subsequent changes in law may result in a further increase of such requirements. It is possible that the imposition of increased regulatory capital requirements at any time following Completion could negatively impact the Enlarged Group's ability to make future acquisitions or deploy other capital expenditure, which in each case could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Enlarged Group.

PART IV
PRINCIPAL TERMS AND CONDITIONS OF THE ACQUISITION

The following is a summary of the principal terms of the Acquisition.

1. SHARE PURCHASE AGREEMENT

1.1 *Parties and structure*

On 2 December 2021, abrdn and the Sellers entered into the Share Purchase Agreement to give effect to the Acquisition. The Sellers are the J.C. Flowers Fund, MMC, Gavin Oldham and his Related Parties, and the Management Sellers. Between them the Sellers own the majority of the issued share capital in Antler.

Pursuant to the Share Purchase Agreement, the Sellers have agreed to sell their shares in Antler to abrdn. After the signing of the Share Purchase Agreement and before Completion: (i) the Management Sellers have agreed to take certain steps (and the J.C. Flowers Fund and MMC have agreed, if necessary, to invoke their drag-along rights) to cause the other Antler shareholders to transfer their shares to abrdn; and (ii) the J.C. Flowers Fund and the Management Sellers have agreed to procure that Antler takes certain steps (including, if necessary, by invoking its drag-along rights) to cause the transfer of the c.4.8 per cent. of the shares in interactive investor held by minority shareholders to Antler. abrdn is not obliged to complete the Acquisition unless it acquires all of the shares in Antler and (indirectly) interactive investor simultaneously at Completion.

1.2 *Consideration*

The purchase price for 100 per cent. of the Antler shares and all of the c.4.8 per cent. minority shares in interactive investor is £1.49 billion in cash. The purchase price is subject to the following adjustments:

(A) *An adjustment based on the minimum Regulatory Capital Requirement as at 31 March 2022 (i.e. the Regulatory Capital Requirement that is applicable to the Target Group as at 31 March 2022)*

The Regulatory Capital Requirement will be calculated based on the Target Group's required reporting to the FCA on its regulatory capital position. If there is any disagreement between abrdn and the Management Sellers as to the calculation of the Regulatory Capital Requirement, this will be subject to a dispute resolution mechanism between abrdn and the Management Sellers and (if necessary) final determination by the FCA.

The regulatory capital adjustment operates such that the purchase price will be increased if the Regulatory Capital Requirement as at 31 March 2022 is less than £48.4 million, and will be decreased if the Regulatory Capital Requirement as at 31 March 2022 is more than £48.4 million. There will be no change to the purchase price if the Regulatory Capital Requirement as at 31 March 2022 is £48.4 million. The value of the regulatory capital adjustment is two times the difference between: (i) the actual minimum Regulatory Capital Requirement as at 31 March 2022; and (ii) £48.4 million. The maximum regulatory capital adjustment (in either direction) will be £20 million. As a result, the total deal consideration will be in the range of £1.47 billion to £1.51 billion (assuming no adjustment is required under the terms of the "locked box" mechanism described below). For example, if the Regulatory Capital Requirement as at 31 March 2022 were to be £38.4 million, the purchase price would be increased by £20 million (being two times the difference between: (i) the minimum Regulatory Capital Requirement at 31 March 2022; and (ii) £48.4 million). If the Regulatory Capital Requirement as at 31 March 2022 were £58.4 million, the purchase price would be decreased by £20 million (being two times the difference between: (i) the minimum Regulatory Capital Requirement at 31 March 2022; and (ii) £48.4 million).

In December 2021, the FCA confirmed to IISL that it had changed the capital guidance to which IISL is subject by removing a capital planning buffer and replacing it with alternative capital guidance. The effect of this is likely to be that the adjustment mechanism based on the minimum Regulatory Capital Requirement will have the effect of increasing the purchase price, though the precise amount of that increase is not yet certain.

(B) *A "locked box" adjustment mechanism using a set of accounts drawn up as at 30 September 2021*

This has the effect, subject to Completion occurring, of transferring the economic risk and reward in the Target Group's business (including all profits earned and losses incurred) to abrdn as at 30 September 2021. The locked box mechanism restricts payments of cash and other transfers of value out of the Target Group between 30 September 2021 and Completion; if any such payments or transfers are made, the total deal consideration will be adjusted downwards.

Antler has outstanding Discount Notes in issue, which have an estimated redemption value of c.£58 million (including principal, and all accrued premium and interest) as at Completion. All of the outstanding Discount Notes will be redeemed at Completion. The redemption amount will be funded by abrdn and will be deducted from the total deal consideration to be paid by abrdn at Completion.

1.3 *Conditions to Completion*

Completion under the Share Purchase Agreement is subject to the satisfaction of certain customary conditions, including: (i) the Shareholder Approval Condition; (ii) the FCA Condition; (iii) the CMA Condition; and (iv) the MAC Condition. The CMA Condition was satisfied on 21 December 2021.

1.4 *Warranties and indemnities*

Certain warranties given by the Sellers under the Share Purchase Agreement are backed by warranty and indemnity insurance policies, details of which are set out at paragraph 3 below.

The Share Purchase Agreement includes title and capacity warranties given by the Sellers. As is customary for a transaction involving a private equity seller, the Management Sellers provide fundamental and business warranties under a separate Management Warranty Deed, as summarised in paragraph 2 below. The liability of the Sellers for any breach of the title and capacity warranties under the Share Purchase Agreement is subject to customary limitations and exclusions.

Under the Share Purchase Agreement, the J.C. Flowers Fund also gave an indemnity and a warranty in favour of abrdn in relation to the exercise of the drag-along rights to transfer the shares of the minority shareholders in Antler to abrdn and to transfer the shares of the minority shareholders in interactive investor to Antler at Completion. This specific indemnity and warranty is excluded from the scope of the cover provided by the warranty and indemnity insurance policies summarised in paragraph 3 below. The liability of the J.C. Flowers Fund under each of the indemnity and the warranty is subject to separate caps of £7.5 million.

1.5 *Break fee*

The Share Purchase Agreement requires abrdn to ensure that its directors provide a unanimous recommendation to Shareholders to approve the Acquisition. This obligation is subject to a carve-out allowing the directors to withhold such recommendation (or to withdraw such recommendation once made) if required by the directors' fiduciary duties. However, if the Share Purchase Agreement terminates by reason of the directors having exercised their right to withhold or withdraw their recommendation of the Acquisition to Shareholders, abrdn would be required to pay a break fee of £7.5 million in cash to the Sellers.

If abrdn receives FCA approval subject to conditions, and those conditions are not acceptable to abrdn acting reasonably, then abrdn may consider the FCA Condition not to be satisfied if those conditions would reasonably be viewed as material in the context of the Acquisition. However, if the Share Purchase Agreement terminates by reason of abrdn considering the conditions specified by the FCA to be unacceptable, abrdn would be required to pay a break fee of £7.5 million in cash to the Sellers.

The break fee is only payable once even if the Share Purchase Agreement terminates as a result of both the Shareholder Approval Condition and the FCA Condition not being satisfied in the circumstances described above.

1.6 *Pre-Completion covenants*

The J.C. Flowers Fund has provided certain covenants and undertakings to abrdn that, in the period commencing on 30 September 2021 and ending on (and including) the date of Completion, there has been no transfer of value from the Target Group to or for the benefit of the shareholders in Antler or the minority shareholders in interactive investor, other than pursuant to certain agreed actions. In the event of any breach of such covenants or undertakings, the J.C. Flowers Fund has agreed to pay to abrdn a sum equal to the amount which would be necessary to put the relevant member of the Target Group into the position which would have existed had there been no breach, as part of the “locked box” adjustment mechanism.

The J.C. Flowers Fund and the Management Sellers have also given certain undertakings to cause the Target Group to operate in the ordinary course of business during the period from the date of the Share Purchase Agreement to Completion, subject to certain agreed-upon exceptions. They have given a number of specific undertakings to abrdn regarding the conduct of the business and affairs of the Target Group during such period.

1.7 *Post-closing obligations*

For two years following Completion, in consideration for the purchase of their shares by abrdn, the Management Sellers have agreed not to compete with the Target Group or to solicit its customers and employees, subject to customary carve-outs. The J.C. Flowers Fund has also provided a non-solicit of employees for the period between signing of the Share Purchase Agreement and 18 months after Completion.

1.8 *Termination rights*

The Share Purchase Agreement contains provisions giving abrdn and/or the Sellers the right to terminate the Share Purchase Agreement in certain circumstances. The Share Purchase Agreement may be terminated if:

(A) the conditions to Completion under the Share Purchase Agreement have not been satisfied by the Longstop Date (or the Longstop Date as postponed in accordance with the Share Purchase Agreement);

(B) on the date of Completion, the obligations of the Sellers (in the case of termination by abrdn) or of abrdn (in the case of termination by the Sellers) in respect of the Completion deliverables have not been complied with;

(C) abrdn issues a written notice to the Sellers that the abrdn Board will not make, or will withdraw, qualify or adversely amend, the recommendation to the Shareholders to vote in favour of the Resolution where required to do so as a result of the abrdn Board’s fiduciary duties (and unless such notice has been revoked); or

(D) any Material Adverse Change occurs at any time between the date of the Share Purchase Agreement and Completion.

1.9 *Governing law and jurisdiction*

The Share Purchase Agreement is governed by the laws of England and Wales and is subject to the exclusive jurisdiction of the courts of England and Wales.

2. MANAGEMENT WARRANTY DEED

On 2 December 2021, abrdn entered into a separate Management Warranty Deed with the following key members of interactive investor's management team: Richard Wilson (Chief Executive Officer), Barry Bicknell (Chief Financial Officer), John Tumilty (Chief Technology Officer), Gary Shaw (Director of Operations), Chris Horner (Head of Legal & Compliance) and Libby Jones (Chief People Officer) (together, the "**Management Warrantors**"). Under the Management Warranty Deed, the Management Warrantors have agreed to give fundamental and business warranties customary for the size and nature of the Acquisition in relation to, among other things: (i) the organisation and standing of each member of the Target Group; (ii) the financial statements of the Target Group and events since the most recent audited financial statements of the Target Group; (iii) the Target Group's financing arrangements; (iv) regulatory matters; (v) material agreements (including agreements relating to recent acquisitions or disposals) of the Target Group; (vi) the Target Group's IT systems; (vii) intellectual property; (viii) data protection; (ix) employee-related and pensions-related matters; (x) real estate; (xi) insurance; (xii) litigation; (xiii) compliance with laws; and (xiv) tax-related matters. Each of the warranties will be deemed to be repeated immediately prior to Completion.

The warranties under the Management Warranty Deed are subject to an aggregate limitation of liability of £1 as well as certain other limitations and exclusions customary for the size and nature of the Acquisition. The warranties under the Management Warranty Deed are backed by warranty and indemnity insurance, details of which are set out at are set out at paragraph 3 below.

3. WARRANTY AND INDEMNITY INSURANCE

3.1 *The W&I Policy*

On 2 December 2021, abrdn as the named insured entered into a warranty and indemnity insurance policy (the "**W&I Policy**") with Euclid Transactional UK Limited as underwriting representative (the "**Underwriting Representative**") for Swiss Re International SE – UK Branch and SCOR UK Company Limited as insurers (the "**Insurers**"). Under the terms of the W&I Policy, the Insurers agree to indemnify abrdn for, or pay to abrdn or abrdn's nominee, up to a maximum aggregate liability of £25 million: (i) the amount abrdn would otherwise be entitled to claim against or recover from the Sellers or the Management Warrantors as a result of a breach of warranties given by the Sellers under the Share Purchase Agreement or warranties given by the Management Warrantors under the Management Warranty Deed; and (ii) any pre-Completion tax liabilities of the Target Group.

The W&I Policy includes certain customary exclusions for a policy of this nature, including, among other things, general exclusions for any losses caused by or arising out of: (i) inadequacy of regulatory capital; (ii) financial mis-selling; (iii) cyber breaches; (iv) secondary tax liabilities; (v) non-availability of tax assets; (vi) transfer pricing liabilities; and (vii) breaches of sanctions legislation.

The Insurers are only liable for aggregate loss in excess of £5.25 million (the "**W&I Retention**"). Each Insurer's liability under the W&I Policy is several, and not joint with any other Insurer, and the obligations of each Insurer are limited to the extent of its share percentage of loss as set out in the W&I Policy. Under the terms of the W&I Policy, the losses indemnified or reimbursed by the Insurers will be reduced by any amount equal to any offsetting recoveries received under other insurance policies or third party indemnities or any saving of tax in respect of such loss (after any costs and expenses incurred or tax paid or payable in connection with such recovery).

Losses covered under the W&I Policy are subject to recovery prior to, and are not conditioned upon abrdn obtaining recovery from, or taking any action against, any of the Sellers or Management Warrantors pursuant to the Share Purchase Agreement or Management Warranty Deed.

3.2 *The Excess Policies*

On 2 December 2021, abrdn as the named insured entered into a series of excess warranty and indemnity insurance policies (the "**Excess Policies**") with: (i) RSG Underwriting Managers Europe Limited as underwriting representative for the entities set out therein as insurers; (ii) Berkshire Hathaway International Insurance Limited; (iii) VALE Insurance Partners Europe B.V., UK Branch as underwriting representative for Fidelis Underwriting Ltd as insurer; (iv); RiskPoint AS as underwriting representative for the entities set out therein as insurers; (v) Beazley Solutions Limited as underwriting representative for the entities set out therein as insurers; (vi) XL Catlin Insurance Company Ltd; (vii) Themis Capital LLP; (viii) DUAL Europe GmbH as underwriting representative for the entities set out therein; (ix) Euclid Transactional UK Limited as underwriting representative for Swiss Re International SE – UK Branch and SCOR UK Company Limited as insurers; and (x) Aviva Insurance Limited (such insurers together being the "**Excess Insurers**").

Under the terms of the Excess Policies, the Excess Insurers each provide additional coverage excess of the W&I Policy and any underlying Excess Policies, such that the cumulative maximum aggregate cover under the W&I Policy and the Excess Policies is £375 million. The coverage under each of the Excess Policies is provided in accordance with the terms and conditions of the W&I Policy, subject to certain exceptions, including that: (i) the W&I Retention is only applicable to the W&I Policy and no separate retention applies under any of the Excess Policies; and (ii) the coverage under the Excess Policies attaches only after the W&I Policy and any underlying Excess Policies have been exhausted.

4. INCENTIVISATION ARRANGEMENTS

On 2 December 2021, abrdn entered into a standalone reinvestment agreement with the Chief Executive Officer of interactive investor, Richard Wilson, (the "**Reinvestment Agreement**") to demonstrate his commitment to, and to incentivise his delivery of shareholder value for, the Enlarged Group. Under the terms of the Reinvestment Agreement, Mr Wilson has agreed to invest, shortly following Completion, a portion of the post-tax sale proceeds that he will receive as a result of the sale of his shares in Antler in abrdn Shares and multi-asset funds managed by members of the abrdn Group. Under the terms of the Reinvestment Agreement, Mr Wilson must invest at least £5 million in abrdn Shares and at least a further £3 million in either abrdn Shares or units in multi-asset funds managed by members of the abrdn Group. The Reinvestment Agreement contains restrictions on the sale of the abrdn Shares and fund units acquired, which fall away in the three equal tranches over a three-year period following Completion.

abrdn and members of interactive investor's management are also working together to design an incentivisation programme for selected employees of the interactive investor group to be implemented post-Completion, which will retain these key individuals and incentivise them to deliver shareholder value based on pre-determined performance metrics. It is intended that these awards over abrdn Shares will be granted under abrdn's Discretionary Share Plan (DSP) and that the value of abrdn Shares which will be subject to these awards (measured at the time the awards are granted) will not exceed £25 million in total.

In addition to these arrangements, abrdn intends to grant incentive awards to the wider interactive investor workforce in order to retain them following Completion. These awards will be funded using the balance of the trust fund held by the interactive investor employee benefit trust following Completion.

PART V
HISTORICAL FINANCIAL INFORMATION RELATING TO THE TARGET GROUP

Shareholders should read the whole of this Circular and not rely solely on the financial information contained in this Part V (*Historical Financial Information relating to the Target Group*).

PART A: HISTORICAL FINANCIAL INFORMATION

Consolidated income statement for the three years ended 31 December 2018, 2019 and 2020

	Note	*Year ended 31 December 2018 £000*	*Year ended 31 December 2019 £000*	*Year ended 31 December 2020 £000*
Revenue	*4*	74,794	92,580	134,956
Cost of sales		(7,650)	(7,689)	(17,279)
Gross profit		67,144	84,891	117,677
Loss allowance on trade receivables	*17*	(3,323)	(1,954)	(1,484)
Administrative expenses	*5,6*	(55,912)	(69,016)	(81,930)
Operating profit	*5*	7,909	13,921	34,263
Other income		-	-	225
Net finance (costs)/income	*7*	(5,420)	(6,435)	(6,988)
Profit before taxation	*5*	2,489	7,486	27,500
Income tax (expense) credit	*8*	10,654	(400)	(6,760)
Profit for the period from continuing operations		13,143	7,086	20,740
Profit/(loss) for the period from discontinued operations	*10*	1,224	(2,450)	(4,017)
Profit for the period		14,367	4,636	16,723
Profit attributable to:				
Owners of the parent		13,635	4,400	15,920
Non-controlling interests		732	236	803
		14,367	4,636	16,723

The consolidated income statement for the year ended 31 December 2018 has not been restated for the change in accounting policy as a result of transition to International Financial Reporting Standard (**"IFRS"**) 16 Leases, which is detailed in note 2.19.

All of the profit is derived from continuing operations except for profit or loss from discontinued operations. The profit/(loss) from discontinued operations relates to Alliance Trust Savings Limited (**"ATS"**) and Internaxx Bank SA that has been disposed of or is a disposal group that is held for sale.

Consolidated statement of comprehensive income for the three years ended 31 December 2018, 2019 and 2020

	Note	*Year ended 31 December 2018*	*Year ended 31 December 2019*	*Year ended 31 December 2020*
	Note	*£000*	*£000*	*£000*
Profit for the financial period		14,367	4,636	16,723
Items that will not be reclassified subsequently to profit or loss:				
Loss on revaluation of equity investments taken to equity		-	-	(59)
Exchange losses on equity investments taken to equity		-	-	(103)
Deferred tax released on disposal of equity investments		-	-	1,687
Corporation tax due on disposal of equity investments		-	-	(649)
Items that will be reclassified subsequently to profit or loss:				
Fair value adjustments on debt instruments held in discontinued operations	10	-	(144)	-
Foreign currency translation of foreign operations (net of tax)		254	(578)	-
Total comprehensive income for the financial period		14,621	3,914	17,599

The net gain on disposal of equity instruments relates to investments held by Share plc (“**Share**”) as financial instruments held at fair value through other comprehensive income. These were sold shortly after the acquisition date as part of an overall strategy of simplifying the Target Group’s business and focussing on core activities. The fair value of these instruments at the date of disposal was £9,222,000. The tax effect on the disposal above consists of a release of deferred tax of £1,687,000 and an accrual of current tax of £649,000.

The above items of other comprehensive income in the prior year have been reclassed into the income statement when the gains or losses are realised, namely on disposal of the financial assets and foreign operations (Internaxx Bank SA) to which they relate. Other comprehensive income is stated net of tax effects.

Consolidated statement of financial position as at 31 December 2018, 2019 and 2020

	Note	31 December 2018 £000	31 December 2019 £000	31 December 2020 £000
Assets				
Non-current assets				
Goodwill	9	3,850	7,273	37,744
Intangible assets	12	3,435	8,365	19,072
Property, plant & equipment	13	3,209	2,974	2,278
Right-of-use assets	15	-	8,420	8,182
Net investment in sub-lease	16	-	417	197
Deferred tax asset	21	10,654	10,671	6,766
Other non-current financial assets	17	344	434	137
		21,492	38,554	74,376
Current assets				
Trade and other receivables	17	191,393	263,276	449,687
Cash and short-term deposits	14	68,620	90,561	126,896
		260,013	353,837	576,583
Assets classified as held for sale	10	387,732	492,253	236,548
		647,745	846,090	813,131
Total assets		669,237	884,644	887,507
Current liabilities				
Trade and other payables	19	177,866	247,352	432,058
Lease liabilities	18	-	3,225	3,459
Provisions	20	1,241	3,684	4,359
Contract liability	27	2,551	1,043	1,066
		181,658	255,304	440,942
Liabilities directly associated with assets classified as held for sale	10	367,734	491,147	231,708
		549,392	746,451	672,650
Net current assets		98,353	99,639	140,481
Non-current liabilities				
Deferred tax liabilities	21	-	1,037	2,784
Lease liabilities	18	-	6,051	6,056
Secured discount notes	22	53,714	59,984	67,088
		53,714	67,072	75,928
Total liabilities		603,106	813,523	748,578
Net assets		66,131	71,121	138,929

	Note	31 December 2018 £000	31 December 2019 £000	31 December 2020 £000
Equity				
Share capital	24	60,088	60,175	109,646
Share-based payment reserve	25	228	1,248	1,989
Currency translation reserve		578	-	-
Retained earnings		(800)	3,464	20,215
Treasury shares		(14)	(46)	(46)
Equity attributable to owners of the Company		60,080	64,841	131,804
Non-controlling interests		6,051	6,280	7,125
Total equity		66,131	71,121	138,929

Right-of-use assets, as at 31 December 2018, have not been restated to be consistent with other periods in accordance with IFRS 16 Leases. The impact of the transition to IFRS 16 is disclosed in note 2.19.

Consolidated statement of changes in equity

	Share capital £'000	Share based payment reserve £'000	Currency translation reserve £'000	*Revaluation reserve* £'000	*Treasury shares* £'000	Retained earnings £'000	Non-controlling interest £'000	Total £'000
Balance as at 1 Jan 2018	60,009	47	324	25	-	(14,453)	5,319	51,271
Profit for the year	-	-	-	-	-	13,635	732	14,367
Other comprehensive income	-	-	254	-	-	-	-	254
Total comprehensive income for the year	-	-	254	-	-	13,635	732	14,621
Movement in the year	-	-	-	-	-	(2)	-	(2)
Contribution to employee benefit trust	-	-	-	-	-	(5)	-	(5)
Purchase of own shares	-	-	-	-	(14)	-	-	(14)
Issue of share capital	79	-	-	-	-	-	-	79
Share-based payments	-	181	-	-	-	-	-	181
Reserves transfer	-	-	-	(25)	-	25	-	-
Balance as at 31 Dec 2018	60,088	228	578	-	(14)	(800)	6,051	66,131

	Share capital £'000	Share based payment reserve £'000	Currency translation reserve £'000	Treasury shares £'000	Retained earnings £'000	Non-controlling interest £'000	Total £'000
Balance as at 1 Jan 2019	60,088	228	578	(14)	(800)	6,051	66,131
Profit for the year	-	-	-	-	4,400	236	4,636
Fair value adjustments on debt instruments held in discontinued operations	-	-	-	-	(137)	(7)	(144)
Other comprehensive income	-	-	(578)	-	-	-	(578)
Total comprehensive income for the year	-	-	(578)	-	4,263	229	3,914
Movement in the year	-	-	-	-	1	-	1
Purchase of own shares	-	-	-	(32)	-	-	(32)
Share-based payments	-	1,020	-	-	-	-	1,020
Issue of share capital	87	-	-	-	-	-	87
Balance as at 31 Dec 2019	60,175	1,248	-	(46)	3,464	6,280	71,121

	Share capital £'000	Share based payment reserve £'000	Treasury shares £'000	Retained earnings £'000	Non-controlling interest £'000	Total £'000
Balance as at 1 Jan 2020	60,175	1,248	(46)	3,464	6,280	71,121
Profit for the year	-	-	-	15,920	803	16,723
Other comprehensive income for the period	-	-	-	834	42	876
Total comprehensive income for the period	-	-	-	16,754	845	17,599
Movement in the year	-	-	-	(3)	-	(3)
Share-based payments	-	741	-	-	-	741
Issue of share capital	49,471	-	-	-	-	49,471
Balance as at 31 Dec 2020	109,646	1,989	(46)	20,215	7,125	138,929

Consolidated statement of cash flows

	Note	*Year ended 31 December 2018 £000*	*Year ended 31 December 2019 £000*	*Year ended 31 December 2020 £000*
Cash flows from operating activities				
Profit for the period		14,367	4,636	16,723
Adjustments for:				
Depreciation of property, plant and equipment	*13*	1,271	1,581	1,589
Amortisation of intangible assets	*12*	1,489	2,147	3,700
Impairment of property, plant and equipment	*13*	-	1,318	130
Impairment of intangible fixed assets	*12*	-	-	1,167
Depreciation of Right-of-use asset		-	2,537	3,122
Impairment of Right-of-use asset	*15*	-	56	-
Share-based payment transactions	*25*	564	1,020	741
Gain on disposal of part of ATS business		-	-	(4,500)
Gain on disposal of intangible fixed assets		-	(4,516)	-
Loss allowance on trade receivables	*17*	3,323	1,954	1,484
Tax	*8*	(10,654)	400	6,760
Net finance (income)/costs	*7*	(268)	165	(249)
Operating profit before changes in working capital		10,092	11,298	30,667
Decrease/(increase) in current assets		45,311	4,817	(136,454)
(Decrease) increase in current liabilities		(41,171)	12,225	128,157
Increase in provisions	*20*	-	2,443	637
Increase in secured discount notes		5,688	6,270	7,104
Interest received		440	536	590
Interest paid		(172)	(411)	(239)
Tax paid		-	(346)	(2,198)
Net cash flows from operating activities		20,188	36,832	28,264
Cash flows from investing activities				
Purchase of intangible assets	*12*	(493)	(1,347)	(1,465)
Sale of part of ATS business		-	9,000	-
Purchase of property, plant and equipment	*13*	(770)	(6,138)	(773)
Sale of property, plant and equipment		-	3,000	-
Acquisition of subsidiary	*9*	-	(36,049)	(12,585)
Acquisition of subsidiary cash (net)	*9*	-	307,819	15,062
Sale of financial investments		-	29,111	135,539
Transfer of client deposits		-	-	(257,639)
Consideration from sale of subsidiary		-	23,785	-
Disposal of subsidiary cash	*11*	-	(357,302)	-
Rent receipts		-	229	221
Net cash flows from investing activities		(1,263)	(27,892)	(121,640)
Cash flows from financing activities				
Purchase of treasury shares		(14)	(32)	-
Employee benefit trust contributions		(5)	-	-
Net movement in ATS pooled cash arrangement		-	-	16,428
Capital repayments of lease liabilities		-	(2,135)	(2,681)
Proceeds from issue of shares		78	88	230
Net cash flows from financing activities		59	(2,079)	13,977
Net increase (decrease) in cash and cash equivalents		18,984	6,861	(79,399)
Exchange differences on cash and cash equivalents		254	-	-
Cash and cash equivalents at beginning of period		412,775	432,013	438,874
Cash and cash equivalents at end of period		432,013	438,874	359,475

Cash and cash equivalents include cash balances included within a disposal group and presented in assets held for sale (see note 32).

Notes to the Historical Financial Information

1. General information

Antler Holdco Limited ("the Target") is a private company limited by shares incorporated in Guernsey under the Companies (Guernsey) Law, 2008, and is registered in Guernsey. The registered office is Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB.

2. Accounting policies

2.1 *Basis of preparation*

The historical financial information for the three years ended 31 December 2020, of the Target and its subsidiaries ("the Target Group"), has been prepared in accordance with the requirements of the Listing Rules and for the inclusion in investment circulars.

The historical financial information does not constitute statutory accounts as defined in Section 243 of the Guernsey Law 2008. The historical financial information for the Target Group has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The historical financial information has been prepared on a historical cost basis, with the exception of financial assets which are measured at fair value through other comprehensive income ("FVTOCI"). The historical financial information is presented in sterling and all values are rounded to the nearest thousand (£'000), except where otherwise indicated.

The principal accounting policies adopted in the preparation of the historical financial information are set out below. These accounting policies are consistent with the policies adopted by abrdn in its latest annual consolidated financial statements, and have been consistently applied to all the years presented, unless otherwise stated.

2.2 *Basis of consolidation*

The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and notes to the historical financial information include the financial statements of the Target and all of its subsidiary undertakings drawn up from the date control passes to the Target Group until the date control ceases. Control is achieved when the Target Group:

- Has the power over the investee;
- Is exposed, or has rights, to variable return from its involvement with the investee; and
- Has the ability to use its power to affect returns.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. The accounting policies of subsidiaries are consistent with the accounting policies of the Target Group.

On acquisition, any gain on business combination, arising where consideration paid is less than the net assets of the acquiree company, is taken to the consolidated income statement in accordance with IFRS 3 Business Combinations.

2.3 *Going concern*

The directors have given careful consideration to the future prospects of the Target Group in deciding upon the appropriateness of the going concern basis of preparation. This consideration has included current budgets and applying stresses to those budgets reflecting what the board considers to be reasonable adverse developments.

As part of this assessment, the directors have considered the Covid-19 pandemic and the emergency interest rate cuts announced by the Bank of England in 2020 and in particular potential impacts on profitability, liquidity, working capital and regulatory capital, as well as the Target Group's operational resilience.

The Target Group has maintained its service and support to its customers throughout the pandemic while also maintaining the safety and well-being of staff. The majority of staff have been supplied with laptops and other resources to work from home in line with government guidelines. The Target Group has sought confirmation from suppliers of financial and operational continuity and maintains contingency plans in the event of any key supplier outages. The Target Group's operational services continued to operate normally during the lockdown period and its operating platform and other IT systems have demonstrated the required capacity to absorb the demands of customer trade volumes.

The Target Group is well capitalised and retains a high level of cash and cash equivalents. It has also benefited from an increase in profits from trade volumes driven by market volatility in 2020. Over the next 12 months, while there remains uncertainty as to the ongoing impact of the pandemic, the Target Group has a sufficiently diversified revenue stream such as not to be over reliant on interest income for profitability. The Target Group's fixed-fee business model ensures a level of revenue stability during material fluctuations in trading volumes.

The Target Group maintains a liquidity position in excess of internal and regulatory requirements.

Stress testing performed as part of the ICAAP considered malware attack, pandemic and interest rates and concluded that the Target Group could expect to retain sufficient regulatory capital and liquidity throughout a period of stress caused by these scenarios.

On this basis the board considers the Target Group to be a going concern.

2.4 *Functional currency*

The historical financial information is presented in sterling which is also the functional currency of the Target Group. Transactions in foreign currencies are initially recorded by the entity at the functional currency rates prevailing at the date of the transaction. For transactions of foreign subsidiaries, a weighted average exchange rate for the period is used for the translation of foreign currency transactions and cash flows. Gains and losses arising from such transactions are recognised in the relevant line in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the income statement.

The currency translation reserve is used to record cumulative translation differences on the assets and liabilities of foreign operations. All resulting exchange differences arising are recognised in other comprehensive income and the currency translation reserve in equity. On disposal of the foreign operation, the cumulative amount of any such differences recognised in other comprehensive income is reclassified to profit or loss.

2.5 *Revenue*

Revenue represents the amounts (excluding value added tax) derived from trading transactions, account fees, treasury income and advertising revenue.

Trading transactions

Trading transaction revenue is derived from commissions from the purchase and sales of unit trusts and ISAs, equity, derivative and FX trades. In the provision of this service, the performance obligation is fulfilled when the transaction occurs. Revenue from these transactions is billed and recognised as revenue when the transaction occurs.

Account fees

Account fees represent revenue received from the monthly fees payable by customers (or quarterly fees payable by customers before June 2019), when a customer subscribes to one of the plans offered by the Target Group.

The monthly account fees include one free trading credit which expires after three months. Prior to June 2019, the quarterly fees included one free trading credit which expired after twelve months. The trading credits can be used by customers to pay for trading transactions. As such, and based on the contractual terms, the account fees have two performance obligations – safe custody of customer assets and execution only brokerage services.

In accordance with IFRS 15 'Revenue from Contracts with Customers', the transaction price for account fees revenue is allocated between those two performance obligations.

For custody services, the monthly or quarterly fees are recognised over time on an accruals basis each month or quarter, as the customer receives the benefits of the service as the Target Group performs over time.

The amount allocated to trading credits revenue represents the customer's right to receive brokerage services. However, customers may not exercise all of their contractual rights. Those unexercised rights are often referred to as breakage. In accordance with IFRS 15, the Target Group recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by customers. An estimate is made to determine the amount to be deferred, which is then recognised either when trading credits are utilised or at the expiration date, whichever occurs sooner. The remainder of the revenue is recognised in the month or quarter in which the account fees are charged.

Treasury income

Treasury income represents interest earned on client money held within Target Group products by clients and is accounted for on an accruals basis, based on the client money balances held with third party banks and by reference to the applicable interest rates.

Advertising revenue

Advertising revenue is earned from the online and print advertising on the Target Group's website, and the Moneywise and Money Observer websites and magazines. Advertising revenue is accounted for, based on the invoiced amounts and over the advertising period.

2.6 *Intangible assets*

Internally developed software

Internally developed software is stated at cost, net of accumulated amortisation and accumulated impairment losses. Such costs include those incurred in improving the brokerage platform. It is assumed that these enhancements provide benefit over a period of time and as such these costs are amortised over a period of 3 years.

Amortisation of the asset begins when development is complete and the asset is available for use, and is charged to administrative expenses within the Income Statement. Costs associated with maintaining software are recognised as an expense when incurred. Individual projects are recognised as an intangible asset when the Target Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Purchased intangible assets

Purchased books of client records are stated at cost which was deemed to be their fair value as at the acquisition date less amortisation and any impairment. Intangible assets are amortised over 7-10 years on a straight-line basis given past knowledge of similar acquisitions.

Externally purchased software is amortised over 3-5 years on a straight-line basis, based on estimated useful lives of the assets. Amortisation is charged to administrative expenses within the Income Statement.

Impairment

An impairment review is performed when management identify an indication that an asset may be impaired. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Impairment and reversal of impairment is an accounting judgement, and impairment reviews are performed as outlined in the significant accounting judgements section.

2.7 *Property, plant and equipment*

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such costs include the cost of replacing major parts of the property, plant and equipment. All other repairs and maintenance costs are recognised in the income statement as incurred.

Depreciation is provided on property, plant and equipment so as to write off the cost, less any estimated residual value, over their expected useful economic life. Property, plant and equipment are tangible items that:

- Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- Are expected to be used during more than one period.

The nature of assets held includes leasehold improvements, fixtures and fittings and computer equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

• Freehold property	over 50 years
• Leasehold improvements	over 7 years
• Fixtures, fittings & office equipment	over 3-5 years
• Computer equipment	over 3-5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An impairment review is performed when management identify an indication that an asset may be impaired. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Impairment and reversal of impairment is an accounting judgement, and impairment reviews are performed as outlined in the significant accounting judgements section.

2.8 *Business combinations*

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interest issued by the Target Group in exchange for control of the acquiree.

Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Target Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is re-measured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Target Group's previously held interests (including joint operations) in the acquired entity are re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Target Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2.9 *Goodwill*

Goodwill is initially recognised and measured as set out above. The Target Group's operating strategy is not to run the acquired businesses as separate cash-generating units in their own right; instead, the customer base of each acquired business is migrated onto the Target Group's existing platform. Based on this model, the goodwill has been allocated to the Target Group as a whole as this represents the lowest level for which information about goodwill is available and monitored for internal management purposes.

The goodwill is not amortised but is tested for impairment annually and more frequently when there is an indication that the unit may be impaired. Goodwill impairment is assessed by considering the recoverable amount of the Target Group and is the greater of fair value less costs to sell or value in use.

The value in use is determined based on cash flows in the most recent Target Group approved three-year profit forecasts and then discounted at an annual rate of 13.9% which is based on the Target Group's weighted average cost of capital. The EBITDA figure within the profit forecast takes into account past experience, adjusted for projected growth and non-recurring costs. Post the three year forecasts, the growth rate used to determine the terminal value in the impairment assessment approximates to the UK long term growth rate.

A sensitivity analysis is performed on the recoverable amount assessed by increasing the discount rate and reducing the terminal growth rate to reflect extreme and unlikely downsides. Any impairment loss is recognised immediately in profit or loss and is not subsequently reversed.

2.10 *Pensions*

The Target Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable. The scheme funds are held separately from those of the Target Group in an independently administered fund.

2.11 *Provisions*

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the entity expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognised in the income statement net of any reimbursement.

2.12 *Taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date.

2.13 *Deferred taxation*

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Target Group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Current and deferred tax relating to items recognised directly in equity is also recognised in equity and not in the income statement.

2.14 *Interest*

Interest income is accrued on a time-apportioned basis, by reference to interest rates receivable from banks and other institutions.

2.15 *Share-based payments*

The Target Group operates a share-based compensation plan, under which the Target Group receives services from employees as consideration for equity instruments of the parent entity, Antler Holdco Limited. This is recognised as an equity-settled share-based payment transaction in accordance with IFRS 2 'Share-Based Payment.' In accordance with the terms of the plan, employees purchase shares of Antler Holdco Limited. These shares are to be redeemed at the end of a vesting period for a price to be determined based on the valuation of the Target Group at that date, provided initial equity value exceeds a set Internal Rate of Return threshold. Redemption of the shares is conditional on employees remaining employed by the Target Group at the end of the vesting period, however the shares can be repurchased at an agreed price upon the employee leaving.

The value of employee equity settled share-based payments is calculated at fair value at the grant date using a Black-Scholes option pricing model. Vesting conditions, which comprise service conditions and performance conditions, are not taken into account when estimating the fair value of such awards but are taken into account by adjusting the number of equity instruments included in the ultimate measurement of the transaction amount. The value of the awards is recognised as an expense on a systematic basis over the vesting period. Where an award of share-based payments is cancelled by an employee, the full value of the award (less any value previously recognised) is recognised at the cancellation date.

2.16 *Financial assets*

All financial assets are recognised at their amortised cost less expected credit losses. The Target's financial assets include cash and short-term deposits, trade and other receivables, payments due from clients and payments due from market counterparties. The subsequent measurement of financial assets depends on their classification as follows:

Cash

Cash balances comprise cash on instant access. The Target also holds money on behalf of clients in accordance with the FCA client money rules. This client money represents balances which are not held in respect of the settlement of transactions (i.e. free money). The client money is not shown on the face of the balance sheet as the Target Group is not beneficially entitled to these assets in the event of insolvency of the entity or the client. Disclosure of the amounts held is made in note 14.

Interest earned on client money balances is included within revenue as treasury income in the consolidated income statement.

Financial assets held at amortised cost

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost.

Financial assets held at fair value through other comprehensive income

The balance sheet of Share plc ("Share") at the acquisition date included financial assets which were held at fair value through other comprehensive income. These financial assets were sold following the acquisition and the resulting gain on disposal has been reported in other comprehensive income.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires the Target Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset.

In accordance with IFRS 9, the Target Group applies the 'simplified approach' in calculating expected credit losses from trade receivables. The Target Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using an assessment of debt recovery, based on the nature or ageing of the debt, and making provision accordingly. Management considers past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Target Group has identified appropriate groupings and segments of trade receivables as follows:

- Amounts due from market maker counterparties
- Amounts due from clients in respect of brokerage commissions

- Amounts due from clients in respect of account fees

- Advertising revenue

The Target Group writes off a trade receivable when there is information indicating that there is no realistic prospect of recovery. For amounts due from clients in respect of brokerage commissions, the loss allowance is determined on an individual basis, using historic analysis on losses and recoverability of financial assets to determine an estimate for expected credit losses. As the Target Group restricts clients from trading without cleared funds this minimises the level of historical losses experienced by the Target Group.

Amounts due from market maker counterparties are not written off by the Target Group, as there has historically been no issues in recovering these amounts from market makers and no history of losses.

Amounts due from clients in respect of account fees and advertising revenue are written off when, on individual assessment, the Target Group determines that there is no realistic prospect of recovery. Factors which determine this assessment include whether a client has cash in their account, or holds stock (which in line with contractual obligations may be sold by the Target Group to recover debt), or whether an advertising customer remains active and engaged with the Target Group on an ongoing basis. Therefore, expected credit losses on trade receivables for amounts due from clients in respect of account fees and advertising revenue are estimated using a provision matrix by reference to past default experience.

De-recognition of financial assets

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial asset (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.17 *Financial liabilities*

All financial liabilities are recognised initially at fair value and carried at amortised cost. This includes directly attributable transaction costs. The Target Group's financial liabilities include trade and other payables, payments due to clients and payments due to market counterparties. The subsequent measurement of financial liabilities depends on their classification as follows:

Trade and other payables

Trade and other payables are stated at amortised cost.

Payments due to clients and market

Payments due to clients consist of the balances received as a result of the client selling stock or application of corporate actions or dividends. All bargains entered into on behalf of clients are recorded in the financial statements on the date of the transaction.

Payments due to market counterparties consist of the amounts due to counterparties that are due to settle against delivery of stock and are shown gross of charges. All bargains entered into on behalf of clients are recorded in the financial statements on the date of the transaction.

Derecognition of financial liabilities

A financial liability is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.18 *Contract liabilities*

Following the application of IFRS 15 contract liabilities arise as a result of trading credits received with fees paid by every client. This allows the client to offset future commission payable when trading. The liability is calculated based on historical data giving the proportion of trading credits being used.

2.19 *Leases*

In the year ended 31 December 2019, the Target Group applied IFRS 16 using the cumulative catch-up approach, measuring assets at amounts equal to their associated liabilities adjusted for accruals and prepayments.

The date of initial application of IFRS 16 for the Target Group was 1 January 2019.

IFRS 16 introduced new or amended requirements with respect to lease accounting. It introduced significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of the right-of-use asset and a lease liability at commencement of all leases, except short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

Financial impact of the initial application of IFRS 16 Leases

The following table shows the operating lease commitments disclosed at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the consolidated statement of financial position at the date of initial application.

Impact on Target Group retained earnings as at 1 January 2019

The impact on retained earnings was £nil. The impact on lease liabilities was as follows:

	£000
Operating lease commitments at 31 December 2018	10,887
Effect of discounting the above amounts	(956)
Lease liabilities recognised at 1 January 2019	9,931

The Target Group as lessee

The Target Group assesses whether a contract is or contains a lease, at inception of the contract. The Target Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Target Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Target Group uses its incremental borrowing rate. The Target Group has elected to use a weighted incremental borrowing rate of 3.0% on inception of the lease (December 2019: 3%).

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Target Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Target Group did not make any such adjustments during the periods presented.

The value of the right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Target Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Target Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Target Group does not use this practical expedient. Where contracts arise that contain a lease component and one or more additional lease or non-lease components, the Target Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Target Group as lessor

As an intermediate lessor, the Target Group accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

2.20 ***Discontinued activities***

A discontinued operation is a component of the Target Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Target Group and which:

- represents a separate major line of business or geographic area of operations;

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or

- is a subsidiary acquired exclusively with a view to re-sale.

The results of discontinued activities are presented as a single line item in the consolidated income statement and details of their revenue, expenses and tax are shown in note 10.

The discontinued operations in each reported period are set out in note 10.

2.21 ***Assets held for sale***

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Target Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Target Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Target Group is committed to a sale plan involving disposal of an investment in an associate or a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Target Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

Assets held for sale, as at 31 December 2019 and 2020, comprised ATS.

2.22 *Employee benefit trust*

The Target Group has an employee benefit trust which is used for the granting of shares to certain employees. The Target is considered to be the sponsoring employer and so the assets and liabilities of the trust are recognised as those of the Target.

Shares in the Target held by the trust are treated as treasury shares held and shown as a deduction from equity.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Target Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical accounting judgements and estimates made in this financial information. However, the directors made important judgements in respect of the following:

Revenue from contracts with customers

As set out in note 2.5, contractually, account fees consist of two performance obligations:

- The provision of safe custody services in respect of customers' assets; and

- Brokerage services in the form of trading credits given to customers, which expire after 3 months. Previously these were deemed to expire after 12 months, as the maximum amount of trading credits a customer could accrue was equal to one year's total, however this changed as a result of the new segmented price structure launched in June 2019.

As such, in accordance with IFRS 15 'Revenue from Contracts with Customers', the transaction price needs to be allocated to the performance obligations, and revenue should be recognised when performance obligations are met. The transaction price is allocated to the performance obligations on the basis of the standalone selling prices. The amount allocated to custody services is recognised evenly over the period in which the related service is provided.

The amount allocated to trading credits revenue represents the customer's right to receive brokerage services. However, customers may not exercise all of their contractual rights. Those unexercised rights are often referred to as breakage. In accordance with IFRS 15, the Target Group recognises the expected breakage amount as revenue in proportion to the pattern of rights exercised by customers. This is determined by reference to the portion of customers that exercise their rights before they expire based on customers' historical behaviour reflecting. This results in a proportion of the account fees revenue (approximately 14.4%) being deferred and recognised either when trading credits are utilised or at the expiration date, whichever occurs sooner. The remainder of the revenue is recognised in the month or quarter in which the account fees are charged.

4. Revenue

The Target Group derives its revenue from point in time trading transactions, point in time advertising revenue, over time account fees and over time treasury income:

	Year ended 31 December 2018 £000	*Year ended 31 December 2019 £000*	*Year ended 31 December 2020 £000*
Trading transactions	26,384	24,839	67,700
Account fees	26,103	35,975	43,767
Treasury income	18,794	29,307	22,350
Advertising revenue	3,513	2,459	1,139
	74,794	92,580	134,956

5. Profit before tax

Profit before tax is stated after charging/(crediting):

	Year ended 31 December 2018 £000	*Year ended 31 December 2019 £000*	*Year ended 31 December 2020 £000*
Amortisation of acquisition intangibles	1,316	1,638	2,885
Impairment of acquisition intangibles	-	-	869
Amortisation of other intangibles	173	509	815
Impairment of other intangibles	-	-	298
Depreciation of property, plant and equipment	1,271	1,581	1,589
Impairment of property, plant and equipment	-	1,318	130
Depreciation of right-of-use assets	-	2,537	3,109
Interest payable on lease liabilities		290	100
Impairment of right-of-use assets	-	56	-
Staff costs – continuing operations	24,476	25,831	38,672
Bad debts	2,447	2,445	1,808
Loss allowance on trade receivables	3,323	1,954	1,484
Transaction and integration costs	6,878	7,600	3,145
Operating lease rentals – land and buildings	1,378	-	-

6. Directors' and employees' costs

	Year ended 31 December 2018 £000	*Year ended 31 December 2019 £000*	*Year ended 31 December 2020 £000*
Continuing operations			
Salaries	21,735	22,870	34,197
Social security costs	1,721	1,795	2,790
Pension costs (see note 23)	1,020	1,166	1,685
	24,476	25,831	38,672
Discontinued operations			
Salaries	2,433	10,351	7,918
Social security costs	126	965	451
Pension costs	213	695	867
	2,772	12,011	9,236
Total			
Salaries	24,168	33,221	42,115
Social security costs	1,847	2,760	3,241
Pension costs	1,233	1,861	2,552
	27,248	37,842	47,908

Included in pension costs are those relating to two directors of interactive investor.

7. Net finance income/(costs)

	Year ended 31 December 2018 £000	*Year ended 31 December 2019 £000*	*Year ended 31 December 2020 £000*
Rewind of discounting on secured discount notes	(5,688)	(6,270)	(7,104)
Interest receivable from customers	-	161	156
Interest receivable from banks and other institutions	440	375	299
Interest payable to customers	(22)	-	-
Interest payable to banks and other institutions	(150)	(411)	(239)
Interest on lease liabilities	-	(290)	(100)
	(5,420)	(6,435)	(6,988)

Interest payable to banks and other institutions arises due to the Target Group paying interest on deposits denominated in Euros.

8. Income tax

The tax charge/(credit) in the consolidated income statement comprised:

	Year ended 31 December 2018 £000	*Year ended 31 December 2019 £000*	*Year ended 31 December 2020 £000*
Current tax			
Current period	-	419	4,287
Adjustment in respect of prior periods	-	-	(1,313)
	-	419	2,974
Deferred tax			
Origination and reversal of timing differences	(12,243)	2,273	5,048
Adjustments in respect of prior periods	301	(2,068)	-
Effect of changes in tax rates	1,288	(224)	(1,262)
	(10,654)	(19)	3,786
	(10,654)	400	6,760

The tax charge for the period can be reconciled to the profit before tax as follows:

	Year ended 31 December 2018 £000	*Year ended 31 December 2019 £000*	*Year ended 31 December 2020 £000*
Profit before taxation	2,489	7,486	27,500
Profit before taxation multiplied by the average rate of UK corporation tax of 19% for all periods	473	1,422	5,225
Effects of:			
Taxable other income from ATS sold customer book	-	-	855
Adjustments in respect of prior periods	301	(2,068)	(1,313)
Expenses not deductible	1,672	2,270	3,383
Tax rate changes	1,288	(224)	(1,262)
Amounts not recognised	-	(942)	(36)
Deferred tax assets not previously recognised	(14,501)	-	-
Income not taxable	(2)	(65)	(92)
Other	115	7	-
	(11,127)	(1,022)	1,535
Total tax charge/(credit) for the period	(10,654)	400	6,760

The applicable UK corporation tax rate is 19% for all periods.

The Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act 2020 was used to substantially enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances as at 31 December 2020 has been re-calculated to 19% at the period end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate had not been substantively enacted at 31 December 2020. As a result, deferred tax balances as at 31 December 2020 were measured at 19%. If all of the deferred tax after 2023 was to reverse at the amended 25% rate the impact on the closing deferred tax position would be to increase the deferred tax asset by £1,255,000.

Deferred tax assets have not been recognised by the Target's subsidiary, interactive investor, on tax losses totalling £5,421,000 (31 December 2019: £5,421,000; 31 December 2018: £5,922,000). The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these tax losses because it is not probable that future taxable profit will be available in interactive investor, against which the Target Group can utilise the benefits therefrom.

The adjustment in respect of prior periods, shown above, includes adjustment to tax charges arising on prior year acquisitions by the Target Group.

The 2018 deferred tax credit, of £10,654,000, reflects the recognition of deferred tax assets that had previously not been recognised totalling £14,501,000. The difference between the deferred tax credit recognised and the deferred tax asset previously not recognised is due to changes in tax rates and current year taxable profits against which the unused tax losses and fixed asset timing differences have been utilised. Following the turnaround in the profitability of the business, the directors consider deferred tax assets, which were previously valued at nil, to be recoverable.

9. Goodwill

	As at 31 December 2018 £000	As at 31 December 2019 £000	As at 31 December 2020 £000
Cost			
Balance at start of period	3,850	3,850	7,273
Amount arising on the acquisition of ATS	-	3,423	-
Amount arising on the acquisition of Share	-	-	30,676
Adjustment in respect of ATS (see note 21)	-	-	(205)
Balance at the end of the period	3,850	7,273	37,744

The annual impairment test performed continued to show that there was significant headroom in the recoverable amount over the carrying value of the Target Group. The goodwill model is subject to stress tests, including the impact of an increase in discount rates and the impact of a negative growth rate. None of the stress test scenarios have resulted in any indication of impairment. Thus the directors consider that there are no reasonably possible changes in assumptions that would cause impairment.

Acquisition of Alliance Trust Savings Limited ("ATS")

On 28 June 2019, the Target acquired 100% of the ordinary share capital of ATS. ATS' main business is to provide execution only brokerage services to retail customers in the UK. ATS also had two other lines of business, brokerage services to intermediaries and partnerships, which were sold (as detailed in the Discontinued Operations detailed in note 10).

Cash consideration of £36,049,000 was paid for the ordinary shares. The acquisition resulted in the recognition of goodwill in the consolidated statement of financial position of £3,423,000 being the excess of consideration over the fair value of net assets acquired. Acquisition-related costs totalling £1,007,000 were incurred, and have been recognised within administrative expenses in the consolidated income statement.

Included below are the details of the intangible assets acquired and liabilities recorded at fair value at the acquisition date:

	ATS at 28 June 2019 £000
Assets	
Non-current assets	
Intangible assets fair value	6,100
Property, plant and equipment	13
	6,113
Current assets	
Trade and other receivables	220,948
Cash and short-term deposits	1,001,496
	1,222,444
Total assets	1,228,557
Current liabilities	
Trade and other payables	(1,194,894)
Deferred tax liability: fair value adjustment	(1,037)
Total liabilities	(1,195,931)
Total identifiable assets acquired and liabilities assumed	32,626

ATS held a banking licence. Under the relevant regulatory rules, the client money held by ATS was recognised on the balance sheet with a corresponding liability. Interactive Investor Services Limited ("IISL") is an investment company and does not have the permission to hold client money on its balance sheet under FCA rules.

Upon the migration of the direct to consumer business line from *ATS* to *IISL, £693,677,000* of the client monies held by ATS was de-recognised from the balance sheet along with corresponding liabilities in accordance with the regulatory and reporting requirements. The de-recognition has no impact upon the net assets and acquisition accounting.

The goodwill on business combination was calculated as follows:

	Total *£000*
Cash consideration paid	36,049
Less: Total net assets acquired (as above)	(32,626)
Goodwill on business combination	3,423

If the acquisition of ATS had been completed on the first day of the financial year, Target Group revenues for the year ended 31 December 2019 would have been £96,096,000 and Target Group profit would have been £4,668,000. No goodwill is expected to be deductible for tax purposes.

Acquisition of Share plc ("Share")

On 3 July 2020, the Target acquired 100% of the ordinary share capital of Share from the individual and institutional shareholders and subsequently delisted Share from the market. Share's main business is to provide execution only brokerage services to retail customers in the UK.

Consideration of £61,827,000 (comprising £49,241,000 share capital/share premium and £12,586,000 cash) was paid for the ordinary shares. The acquisition resulted in the recognition of goodwill in the consolidated statement of financial position of £30,676,000 being the excess of consideration over the fair value of net assets acquired. Included below are the details of identifiable assets acquired and liabilities assumed at the acquisition date:

	Share at 3 July 2020 *£000*
Assets	
Non-current assets	
Intangible assets fair value	14,109
Property, plant and equipment	1,328
Equity investments	9,416
	24,853
Current assets	
Trade and other receivables	33,362
Cash and short-term deposits	15,062
	48,424
Total assets	73,277
Current liabilities	
Trade and other payables	(37,331)
Deferred tax liability: fair value adjustment	(2,070)
	(39,401)
Non-current liabilities	
Lease liabilities	(1,007)
Deferred tax liabilities	(1,718)
	(2,725)
Total liabilities	(42,126)
Total identifiable assets acquired and liabilities assumed	31,151

The goodwill on business combination was calculated as follows:

	Total *£000*
Consideration paid	61,827
Less: Total net assets acquired (as above)	(31,151)
Goodwill on business combination	30,676

If the acquisition of Share had been completed on the first day of the financial year, Target Group revenues for the year ended 31 December 2020 would have been £146,262,000 and Target Group profit would have been £14,300,000. No goodwill is expected to be deductible for tax purposes.

The goodwill recognised is based on a number of factors, including: the ability to gain and retain clients in the future, the ability to achieve incremental margins from buyer-specific synergies, potential synergies from combining Share's net assets with the Target Group's net assets, Share's status as a going concern and the value of having a trained and efficient workforce in place.

The key valuation assumptions considered in the valuation of customer related assets were revenue streams and associated earnings margin, customer attrition and useful economic life, contributory asset charges, tax and discount rates. Sensitivity analysis was performed in respect of key inputs such as attrition levels and discount rates.

In arriving at the fair valuation of software assets, a material obsolescence factor was applied in recognition that business would be migrated onto the interactive investor platform and therefore Share's technology would be fully obsolete within two years of acquisition.

10. Discontinued operations

During August 2018, the Target Group entered into a sale agreement to dispose of Internaxx Bank SA, which carried out all of the Target Group's overseas' operations. The disposal was completed on 22 March 2019, on which date control of Internaxx Bank SA passed to the acquirer.

The Target Group also entered into a sale agreement with Embark Investment Services Limited in 2019 to dispose of ATS' non-core businesses relating to brokerage services to intermediaries and partnerships. Following the acquisition, the remaining ATS activities have now been transferred to Embark in two migrations, the first in October 2020 and the second in January 2021. A gain on disposal of £4.5m was released to the income statement upon completion of the November 2020 migration.

During 2020, the Target Group took the decision to close Moneywise Publishing Limited. However, at 31 December 2020, the remaining assets of Moneywise Publishing Limited did not meet the criteria in IFRS 5 for classification as assets held for sale and consequently have been included in the consolidated balance sheet in their respective line items. The results of Moneywise Publishing Limited have not been presented as discontinued activities.

The results of the discontinued operations were as follows:

	Year ended 31 Dec 2018 Internaxx £000	*Year ended 31 Dec 2019 ATS £000*	*Year ended 31 Dec 2019 Internaxx £000*	*Year ended 31 Dec 2019 Total £000*	*Year ended 31 Dec 2020 ATS £000*
Revenue	10,677	8,389	1,702	10,091	12,664
Expenses	(8,955)	(15,211)	(984)	(16,195)	(22,036)
(Loss)/Profit before tax	1,722	(6,822)	718	(6,104)	(9,372)
Attributable tax expense	(498)	-	-	-	855
Net (loss)/profit attributable to discontinued operations	1,224	(6,822)	718	(6,104)	(8,517)
Profit on sale of discontinued operations	-	-	3,076	3,076	-
Reclassification of currency translation reserve	-	-	578	578	-
Gain on disposal of part of ATS business	-	-	-	-	4,500
(Loss)/profit for the financial year	1,224	(6,822)	4,372	(2,450)	(4,017)
Fair value adjustments on debt instruments held in discontinued operations	-	(144)	-	(144)	-
	1,224	(6,966)	4,372	(2,594)	(4,017)

During the year ended 31 December 2020, ATS paid £7,722,000 (2019: contributed £8,713,000) in respect of the Target Group's net operating cash flows, paid £131,216,000 (2019: paid £669,584) in respect of investing activities and contributed £16,428,000 (2019: paid £10,269,000) in respect of financing activities.

The net operating cash inflow for Internaxx for the year ended 31 December 2018 amounted to £9,268,000. No cash flow information for Internaxx is available for the year ended 31 December 2019.

The assets and liabilities of the discontinued operations, which have been included in the consolidated statement of financial position, were as follows:

	Internaxx 31 Dec 2018 £000	*ATS 31 Dec 2019 £000*	*ATS 31 Dec 2020 £000*
Total assets excluding cash and debt securities	24,338	17,517	3,969
Investments	2,163	126,423	-
Cash and cash equivalents	361,231	348,313	232,579
Total assets	387,732	492,253	236,548
Total liabilities	(367,734)	(491,147)	(231,708)
Net assets of disposal group	19,998	1,106	4,840

Of which, investments were as follows:

	Internaxx 31 Dec 2018 £000	*ATS 31 Dec 2019 £000*
Investments in debt instruments classified as at FVTOCI		
UK Government securities	-	67,789
	-	67,789
Financial assets measured at amortised cost		
UK Government securities	-	58,634
Other	2,163	-
	2,163	58,634
Total investments	2,163	126,423

Debt instruments classified as FVTOCI are fair valued at level 1 under fair value hierarchy, as they are based on quoted (unadjusted) prices in active markets for identical assets. There were no transfers between levels 1, 2 (valuation techniques using other observable inputs) or 3 (valuation techniques not based on observable market data) of the fair value hierarchy during the year. A fair value adjustment charge of £144,000 for the year ended 31 December 2019 has been recognised in the consolidated statement of comprehensive income.

11. Disposal of subsidiary

As referred to in note 10, on 22 March 2019 the Target Group disposed of its interest in Internaxx Bank SA.

The net assets of Internaxx Bank SA at the date of disposal were as follows:

	22 March 2019 £000
Total assets excluding cash and debt securities	24,768
Investments	2,047
Cash and cash equivalents	357,302
Total liabilities	(363,402)
Net assets at the date of disposal	20,715

There were no other disposals of subsidiaries in the other periods.

The impact of Internaxx Bank SA on the Target Group's results is disclosed in note 10.

The gain on disposal is included in the profit from discontinued operations for the year ended 31 December 2019 (see note 10). The disposal also resulted in a reclassification of £578,000 from the currency revaluation reserve to profit for the year ended 31 December 2019.

12. Intangible fixed assets

	Computer software £000	*Internally developed software £000*	*Acquired customer lists £000*	*Total £000*
Cost				
At 1 January 2018	28,040	29,800	29,290	87,130
Additions	465	28	-	493
Balance at 31 December 2018	28,505	29,828	29,290	87,623
Fair value acquired on business combination	1,200	-	4,900	6,100
Additions	1,265	82	-	1,347
Disposals	(370)	-	-	(370)
Balance at 31 December 2019	30,600	29,910	34,190	94,700
Fair value acquired on business combination	2,152	-	11,957	14,109
Additions	944	521	-	1,465
Balance at 31 December 2020	33,696	30,431	46,147	110,274
Amortisation				
At 1 January 2018	26,875	29,407	26,417	82,699
Charge for the period	540	173	776	1,489
Balance at 31 December 2018	27,415	29,580	27,193	84,188
Charge for the period	1,324	25	798	2,147
Balance at 31 December 2019	28,739	29,605	27,991	86,335
Charge for the period	1,740	42	1,918	3,700
Impairment	814	-	353	1,167
Balance at 31 December 2020	31,293	29,647	30,262	91,202
Net book amount				
At 31 December 2018	1,090	248	2,097	3,435
At 31 December 2019	1,861	305	6,199	8,365
At 31 December 2020	2,403	784	15,885	19,072

In accordance with IFRS 3 Business Combinations, separately identifiable intangible assets, relating to customer lists totalling £11,957,000, were recognised in the Target Group financial statements during the year ended 31 December 2020. The carrying value of these intangible assets at 31 December 2020 was £10,678,000 with a remaining useful life of 6.5 years. In addition, the carrying value of acquired customer lists at 31 December 2020 includes £3,850,000 relating to a list acquired in 2019 with a remaining useful life of 5.5 years.

Separately identifiable intangible assets relating to computer software totalling £2,152,000 were recognised in the Target Group financial statements in the year ended 31 December 2020. The carrying value of these intangibles assets at 31 December 2020 was £1,569,000 with a remaining useful life of 2.5 years.

The impairment charge for the year ended 31 December 2020 of £1,167,000 comprised four elements:

- An impairment of £298,000 against a proportion of software development costs where it was determined that a proportion of the developed code would not be implemented;

- An impairment of £216,000 of the value of certain technology assets in the acquired Share business;

- An impairment of £300,000 for the remaining net book amount of the fair value adjustment made to technology assets when that business was acquired in 2019; and

- An impairment of £353,000 against the value of certain customer lists in the acquired Share business.

13. Property, plant and equipment

	Freehold property £000	Leasehold improvements £000	Fixtures, fittings and office equipment £000	Computer equipment £000	Total £000
Cost					
At 1 January 2018	-	7,147	664	18,959	26,770
Additions	-	90	-	680	770
Balance at 31 December 2018	-	7,237	664	19,639	27,540
Re-classification of Right-of-use assets	-	(999)	-	-	(999)
At 1 January 2019 re-stated	-	6,238	664	19,639	26,541
Additions	4,340	1,271	15	512	6,138
Disposals	(4,340)	-	-	(239)	(4,579)
Balance at 31 December 2019	-	7,509	679	19,912	28,100
Additions		536	17	220	773
Fair value acquired on business combinations	-	-	38	212	250
Disposals	-	(2,182)	(220)	(9,458)	(11,860)
Balance at 31 December 2020	-	5,863	514	10,886	17,263
Depreciation					
At 1 January 2018	-	5,120	635	17,305	23,060
Charge for the period	-	590	1	680	1,271
Balance at 31 December 2018	-	5,710	636	17,985	24,331
Reclassification of Right-of-use assets	-	(764)	-	-	(764)
1 January 2019 re-stated	-	4,946	636	17,985	23,567
Charge for the period	22	687	2	870	1,581
Impairment	1,318	-	-	-	1,318
Disposals	(1,340)	-	-	-	(1,340)
Balance at 31 December 2019	-	5,633	638	18,855	25,126
Charge for the period	-	724	20	845	1,589
Impairment	-	130	-	-	130
Disposals	-	(2,182)	(220)	(9,458)	(11,860)
Balance at 31 December 2020	-	4,305	438	10,242	14,985
Net book amount					
At 31 December 2018	-	1,527	28	1,654	3,209
At 31 December 2019	-	1,876	41	1,057	2,974
At 31 December 2020	-	1,558	76	644	2,278

Following the implementation of IFRS 16 Leases on 1 January 2019, certain provisions for dilapidations costs on operating leases, previously capitalised as leasehold improvements under IAS 16 Property, Plant and Equipment, were reclassified as Right-of-use assets.

During the year ended 31 December 2019, freehold property was acquired, impaired and subsequently disposed of by the Target Group.

The impairment charge of £130,000 for the year ended 31 December 2020 comprised:

- An impairment charge of £645,000 in respect of the remaining net book amount of leasehold improvements relating to a surplus office property. Therefore, no further economic benefit will be derived from the leasehold improvements; and

- A credit of £515,000 relating to the net book amount of the fair value adjustments/impairment reversals associated with the surplus office property noted above.

14. Cash and short-term deposits

At 31 December 2020, segregated deposit amounts, held on behalf of clients in accordance with the FCA client money rules, amounted to £4,311,447,000 (December 2019: £3,397,615,000; December 2018: £2,325,042,000). The Target Group is not beneficially entitled to these assets nor to their use and, by the nature of their segregation, assets are protected on behalf of the client in the event of insolvency of the entity or the client. Interest earned on client money balances is included within revenue as treasury income in the consolidated income statement.

As explained in note 9, ATS held client monies on the balance sheet with a corresponding liability. Following the first migration (see note 10), ATS still held client monies (within assets relating to held for sale) from the remaining business that transferred to Embark in January 2021.

As at 31 December 2020 the balance totalled £203,493,000 (December 2019: £464,355,000; December 2018: £363,393,000), with a corresponding balance included within liabilities relating to assets held for sale. The directors consider the fair value to be equal to the carrying value.

15. Right-of-use assets

	Buildings £000	*Computer equipment £000*	*Total £000*
Cost			
At 1 January 2019	-	-	-
IFRS 16 transition adjustment	9,378	-	9,378
Reclassification of Right-of-use assets	235	-	235
At 1 January 2019 – restated	9,613	-	9,613
Additions	225	1,175	1,400
Balance at 31 December 2019	9,838	1,175	11,013
Additions	1,793	-	1,793
Fair value acquired on business combination	1,004	74	1,078
Balance at 31 December 2020	12,635	1,249	13,884
Depreciation			
At 1 January 2019	-	-	-
Charge for the period	2,302	235	2,537
Impairment	56	-	56
Balance at 31 December 2019	2,358	235	2,593
Charge for the period	2,839	270	3,109
Balance at 31 December 2020	5,197	505	5,702
Net book amount			
At 31 December 2018	-	-	-
At 31 December 2019	7,480	940	8,420
At 31 December 2020	7,438	744	8,182

Following the implementation of IFRS 16 on 1 January 2019, certain provisions for dilapidations costs on operating leases, previously capitalised as leasehold improvements under IAS 16 Property, Plant and Equipment, were reclassified as Right-of-use assets.

The leases within buildings consist of 3 properties, in Manchester, London and Leeds. The computer equipment leases relates to an IT cloud computing contract where the server used is separately identifiable.

The additions for the year ended 31 December 2020 comprise a new office building in Leeds. The lease was signed in October 2020 and runs for 10 years, with an option to exercise a break clause after 5 years.

The fair value acquired on business combination relates to a property in Aylesbury within buildings and a photocopier lease within computer equipment.

A maturity analysis of lease liabilities is detailed in note 18.

	Year ended 31 December 2018 £000	*Year ended 31 December 2019 £000*	*Year ended 31 December 2020 £000*
Amounts recognised in profit and loss			
Depreciation expense on Right-of-use assets	-	2,191	3,109
Interest expense on lease liabilities	-	290	100

16. Net investment in sub-lease

	As at 31 December 2018 £000	*As at 31 December 2019 £000*	*As at 31 December 2020 £000*
Maturity analysis:			
Year 1	-	220	197
Year 2	-	197	-
Net investment in lease	-	417	197
Analysed as:			
Non-current	-	197	-
Current	-	220	197
	-	417	197

The Target Group entered into a sub-leasing agreement for a property in London which it had previously occupied and continues to lease, the head-lease having the same term as the sub-lease. This sub-lease is separate to the London-based right of use asset held by the Target Group and outlined in note 18.

17. Trade and other receivables

	As at 31 December 2018 £000	*As at 31 December 2019 £000*	*As at 31 December 2020 £000*
Amounts falling due within one year:			
Amounts due from counterparties and clients	181,160	255,453	438,363
Prepayments and accrued income	5,202	6,308	6,088
Other debtors	5,031	1,515	5,236
	191,393	263,276	449,687

During the years ended 31 December 2019 and 2020, amounts due from counterparties and clients have increased significantly following the acquisitions, resulting in larger balances for payments due from clients and payments due from market counterparties for the combined business.

Analysis of amounts due from counterparties and clients is shown below:

	As at 31 December 2018 £000	*As at 31 December 2019 £000*	*As at 31 December 2020 £000*
Amount receivable not past due	171,713	252,745	428,501
Amount receivable past due but not impaired	9,447	2,708	9,862
Amount receivable impaired	3,271	2,801	2,408
Less: impairment	(3,271)	(2,801)	(2,408)
	181,160	255,453	438,363

Ageing of past due but not impaired receivables is as follows:

	As at 31 December 2018 £000	*As at 31 December 2019 £000*	*As at 31 December 2020 £000*
1-30 days	5,791	2,018	5,507
31-60 days	1,261	45	396
61-90 days	383	318	684
91+ days	2,012	327	3,275
	9,447	2,708	9,862

The following provisions have been deducted from trade and other receivables:

	£000
At 1 January 2018	906
Arising during the period	3,976
Utilised	(958)
Unused amounts reversed during the period	(653)
At 31 December 2018	3,271
Arising during the period	3,261
Utilised	(2,424)
Unused amounts reversed during the period	(1,307)
At 31 December 2019	2,801
On acquisition of Share	593
Arising during the period	2,439
Utilised	(2,470)
Unused amounts reversed during the period	(955)
At 31 December 2020	2,408

The provisions raised during the period and unused amount reversed during the period represent loss allowance on trade receivables on the consolidated income statement.

As outlined in note 2.16, expected credit losses on trade receivables for amounts due from clients in respect of account fees are estimated using an assessment of debt recovery, based on the nature or ageing of the debt, and making provision accordingly. The expected credit loss allowance was as follows:

	Balances £000	*Expected credit loss rate %*	*Expected credit loss allowance £000*
31 December 2018			
0 days	-	0%	-
1-30 days	15	37%	6
31-60 days	34	38%	13
61-90 days	773	33%	258
>91 days	1,066	38%	403
	1,888	36%	680

	Balances £000	*Expected credit loss rate %*	*Expected credit loss allowance £000*
31 December 2019			
0 days	-	0%	-
1-30 days	552	48%	265
31-60 days	505	49%	247
61-90 days	399	56%	223
>91 days	2,423	68%	1,654
	3,879	62%	2,389

	Balances £000	*Expected credit loss rate %*	*Expected credit loss allowance £000*
31 December 2020			
0 days	-	0%	-
1-30 days	340	16%	54
31-60 days	401	13%	53
61-90 days	285	16%	45
>91 days	4,939	46%	2,256
	5,965	40%	2,408

As the above balances relate to monthly account fees on immediate payment terms, no expected credit losses are recognised on balances not yet due. The directors envisage that future economic conditions may result in changes to the recoverability of account fee receivables, as adverse market movements increase the Target Group's exposure to account fee debt. A 10% (31 December 2019 and 2018: 5%) increase to the historic loss rate has been applied to allow for potential future adverse market movements.

Amounts falling due after more than one year and included in debtors above are:

	As at 31 December 2018 £000	*As at 31 December 2019 £000*	*As at 31 December 2020 £000*
Other debtors	344	434	137

The fair value of non-derivative financial instruments is determined using pricing models based on discounted cash flow analysis using prices from observable current market transactions; hence, all are classified as Level 2 in the fair value hierarchy.

All debtors are categorised as financial assets. The carrying value of the financial assets (inclusive of cash) is £578,989,000 (December 2019: £347,697,000; December 2018: £647,734,000).

18. Lease liabilities

	As at 31 December 2019 £000	As at 31 December 2020 £000
Maturity analysis		
Year 1	3,225	3,459
Year 2	1,287	1,427
Year 3	1,073	1,470
Year 4	1,105	1,235
Year 5	860	1,084
Onwards	1,726	840
	9,276	9,515
Analysed as:		
Non-current	6,051	6,056
Current	3,225	3,459
	9,276	9,515
Lease liability movement		
Opening balance	9,931	9,276
Lease contracts added in period	1,175	2,820
Lease payments	(2,120)	(2,681)
Interest expense on lease liability	290	100
	9,276	9,515

The Target Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Target Group's treasury function.

The lease contracts added in the year ended 31 December 2020 consist of new office premises in Leeds (£1,448,000) and leases for an office building and equipment acquired on the purchase of Share (£1,340,000).

19. Trade and other payables

	As at 31 December 2018 £000	As at 31 December 2019 £000	As at 31 December 2020 £000
Amounts falling due within one year:			
Amounts due to counterparties and clients	167,194	236,700	412,076
Accruals and deferred income	8,182	7,365	15,315
Other creditors	2,490	3,287	4,667
	177,866	247,352	432,058

Amounts due to counterparties and clients are non-interest bearing and are normally settled within 21days, in line with the contractual settlement date of client and counterparty trades.

Other payables are non-interest bearing and are normally settled within 30 day payment terms. All creditors are categorised as financial liabilities. The carrying value of the financial liabilities is £432,058,000 (December 2019: £247,352,000; December 2018: £177,866,000). The fair value of non-derivative financial instruments is determined using pricing models based on discounted cash flow analysis using prices from observable current market transactions; hence, all are classified as Level 2 in the fair value hierarchy

20. Provisions

The movement in provisions is as follows:

	Dilapidations provisions £000	*Onerous contract £000*	*Other provisions £000*	*Total £000*
At 1 January 2018	969	362	273	1,604
Arising during the period	-	143	-	143
Utilised	-	(344)	(173)	(517)
Unused amounts reversed during period	-	(43)	-	(43)
Discount rate adjustment	29	25	-	54
At 31 December 2018	998	143	100	1,241
Arising during the period	613	1,106	930	2,649
Utilised	-	-	(100)	(100)
Transferred to Right-of-use asset	-	(143)	-	(143)
Discount rate adjustment	37	-	-	37
Balance at 31 December 2019	1,648	1,106	930	3,684
Arising during the period	257	1,312	-	1,569
Utilised	-	-	(350)	(350)
Released	-	-	(580)	(580)
Discount rate adjustment	36	-	-	36
Balance at 31 December 2020	1,941	2,418	-	4,359

Dilapidations are expected to be utilised over the life of the respective operating leases, with estimates made as to the amount likely to be incurred.

Onerous contract provisions, as at 31 December 2019 and 2020, relate to costs expected to be incurred following the sale of discontinued operations to Embark Group Limited and are expected to be utilised within 12 months.

Other provisions included specific amounts for outstanding tax claims and related legal and professional fees.

21. Deferred tax

The following are the deferred tax assets recognised by the Target Group and movements thereon during the reporting periods:

	Fixed assets £000	*Temporary differences trading £000*	*Tax losses £000*	*Total £000*
At 1 January 2018	-	-	-	-
Credited to profit	6,189	1	4,464	10,654
At 31 December 2018	6,189	1	4,464	10,654
Charge to profit	(1,994)	-	(57)	(2,051)
Prior year adjustment (see below)	-	-	2,068	2,068
Balance at 31 December 2019	4,195	1	6,475	10,671
Charge to profit	(900)	(1)	(4,325)	(5,226)
Effect of tax rate change	622	-	640	1,262
Re-classification from asset to liability	59	-	-	59
Balance at 31 December 2020	3,976	-	2,790	6,766

	As at 31 December 2018 £000	*As at 31 December 2019 £000*	*As at 31 December 2020 £000*
Analysed as:			
Non-current	7,707	8,196	4,254
Current	2,947	2,475	2,512
	10,654	10,671	6,766

The charge to profit of £4,325,000 for the year ended 31 December 2020 reflects the utilisation of approximately £22.8 million of brought forward tax losses.

The Target Group has unused tax losses at 31 December 2020 of £4,725,000 for which no deferred tax asset has been recognised, due to the uncertainty over the timing of when these losses might be utilised.

The prior year adjustment for the year ended 31 December 2019 arose predominantly due to the reversal of a de-grouping charge of £11,200,000 (£1,904,000 tax) from the 2018 tax computation.

The following are the deferred tax liabilities recognised by the Target Group:

	£000
Recognised on acquisition of ATS on 28 June 2019	1,037
Balance as at 31 December 2019	1,037
Adjustment to amount recognised on acquisition of ATS	(205)
Amount recognised on acquisition of Share	2,070
Amount in respect of amortisation of fair value adjustment	(203)
Amount re-classified from asset to liability (see above)	59
Amount in respect of fixed assets in Share	26
Balance as at 31 December 2020	2,784

The £1,037,000 balance at 31 December 2019 relates mainly to fair value adjustments arising on the acquisition of ATS. This amount was re-assessed in 2020, resulting in a reduction in the deferred tax liability recognised and a corresponding reduction in the amount of goodwill.

22. Secured discount notes

	As at 31 December 2018 £000	*As at 31 December 2019 £000*	*As at 31 December 2020 £000*
Principal amount	78,613	78,613	78,613
Collected amount at 2 June 2017	44,922	44,922	44,922
Effective interest – 12%			
Opening balance	3,104	8,792	15,062
Charge for the period	5,688	6,270	7,104
Closing balance	8,792	15,062	22,166
Secured discount notes	53,714	59,984	67,088

The secured discount notes were issued on 2 June 2017 for a period of 5 years for a discount of 75%. The discount is capitalised and charged to the consolidated statement of comprehensive income annually on 31 December at an effective rate of 12%.

The terms of the secured discount notes were amended on 11 October 2021 (see note 31 for further details).

23. Pension commitments

The Target Group operates a defined contribution pension scheme, which is externally funded and covers all eligible staff employees. The assets of the scheme are held separately from those of the Target Group in an independently administered fund. There were no unpaid contributions outstanding at 30 September 2020 (December 2020, 2019 and 2018: £nil). Pension contributions of £2,552,000 have been recognised in the consolidated income statement for the period (December 2019: £1,166,000; December 2018: £1,020,000).

24. Share capital

	As at 31 December 2018 £000	As at 31 December 2019 £000	As at 31 December 2020 £000
Allotted, called up and fully paid			
Ordinary A shares of £0.0001 each	59,869	59,869	109,217
Ordinary B1 shares of £0.0001 each	145	145	145
Ordinary B2 shares of £0.1 each	47	47	47
Ordinary B3 shares of £0.1 each	27	27	27
Ordinary C shares of £0.0001 each	-	-	-
Ordinary C1 shares of £0.0001 each	-	87	87
Ordinary C2 shares of £0.0001 each	-	-	123
Ordinary D shares of £0.0001 each	-	-	-
	60,088	60,175	109,646

	Number	Number	Number
Allotted, called up and fully paid			
Ordinary A shares of £0.0001 each	1,528,450	1,528,450	1,640,192
Ordinary B1 shares of £0.0001 each	52,200	52,200	52,200
Ordinary B2 shares of £0.1 each	15,200	15,200	15,200
Ordinary B3 shares of £0.1 each	10,000	10,000	10,000
Ordinary C shares of £0.0001 each	1	-	-
Ordinary C1 shares of £0.0001 each	-	6,550	6,550
Ordinary C2 shares of £0.0001 each	-	-	4,550
Ordinary D shares of £0.0001 each	-	1	1

Ordinary A shares of £0.0001 each have the right of one vote per share and the right to receive dividends.

Ordinary B1 shares of £0.0001 each do not have the right to vote and do have the right to receive dividends.

Ordinary B2 and B3 shares of £0.1 each have the right to vote up to a 5% maximum aggregate and have the right to receive dividends.

Ordinary C1 and C2 shares of £0.0001 each do not have the right to vote and do have the right to receive dividends.

Ordinary D shares of £0.0001 each have the simple majority vote as long as the JCF Investor(s) is/are the D shareholder. Ordinary D shares have no right to dividends.

All dividends are discretionary.

The Target passed an ordinary resolution to re-designate 1 C ordinary share of £0.0001 to 1 D ordinary share of £0.0001 and a special resolution to adopt new articles in April 2019.

111,742 ordinary A shares were issued during the year ended 31 December 2020 as part of the consideration for the acquisition of Share plc. The consideration for the issue of the shares was £49.5 million.

6,550 C1 shares were issued during the year ended 31 December 2019 for a consideration of £86,919.

4,550 C2 shares were issued during the year ended 31 December 2020 for a consideration of £122,805.

B shares and C shares are issued under the Target Group's share-based compensation plan (see note 25).

Any transaction costs associated with the issuing of shares are deducted from share capital.

25. Share-based payments

The Target Group operates a share-based compensation plan, under which the Target Group receives services from employees as consideration for equity instruments of the parent entity, Antler Holdco Limited. This is recognised as an equity-settled share-based payment transaction in accordance with IFRS 2 'Share-Based Payment.'

In accordance with the terms of the plan, employees purchase shares of Antler Holdco Limited. Redemption of the shares is conditional on employees remaining employed by the Target Group at the end of the vesting period, however the shares can be repurchased by the Antler Holdco Limited at an agreed price upon the employee leaving.

4,350 shares were issued during the period ended 31 December 2020 (December 2019: 4,415 shares; December 2018: 31,700 shares), with a weighted average fair value of £220.69 per share (December 2019: £30.80; December 2018: £250.13). The value of employee equity-settled share-based payments is calculated at fair value at the grant date using a Black-Scholes option pricing model. Vesting conditions, which comprise service conditions and performance conditions, are not taken into account when estimating the fair value of such awards but are taken into account by adjusting the number of equity instruments included in the ultimate measurement of the transaction amount. The value of the awards is recognised as an expense on a systematic basis over the vesting period. Where an award of share-based payments is cancelled by an employee, the full value of the award (less any value previously recognised) is recognised at the cancellation date.

The expense recognised for employee services received during the period is shown in the following table of movements in the share-based payment reserve:

	As at 31 December 2018 £000	*As at 31 December 2019 £000*	*As at 31 December 2020 £000*
At 1 January	47	228	1,248
Expense arising from:			
Equity-settled share-based payment transactions	181	1,020	741
At 31 December	228	1,248	1,989

An additional expense of £383,000 was recognised in the year ended 31 December 2018 for cash-settled share-based payment transactions.

Details of the Target shares outstanding are as follows:

	As at 31 December 2018 Shares	*As at 31 December 2019 Shares*	*As at 31 December 2020 Shares*
At 1 January	45,700	77,400	81,815
Shares granted during the period	31,700	4,415	4,350
Shares forfeited during the period	-	-	-
Shares at 31 December	77,400	81,815	86,165

Key inputs to the Black-Scholes option pricing model were as follows:

	As at 31 December 2018	*As at 31 December 2019*	*As at 31 December 2020*
Weighted average share price	£ 38.74	£ 36.74	£ 35.49
Discount of lack of marketability	10.0%	20.0%	20.0%
Expected volatility	30.0%	27.7%	35.5%
Expected life	4.5 years	3.1 years	2.1 years
Risk free rate	0.86%	0.74%	0.00%
Dividend yield	0.0%	0.0%	0.0%

26. Capital management

The Target Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Target's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision. The Target Group has complied with any capital requirements throughout the reporting periods.

The Target Group is classified as a €125,000 limited licence IFPRU firm for the purposes of the Capital Requirements Directive ('CRD'). Capital is derived from Target Group profit and investment from the Target whilst its requirement is determined by its fixed cost base. The Target Group operates a capital/ risk committee which oversees adequacy on a monthly basis. This committee also determines the amount of capital that management believes is appropriate for this Target Group.

The primary objectives of the Target Group's capital management policies are to ensure that it complies with the externally imposed capital requirements and that it maintains healthy capital ratios in order to support the business. The Target Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. During the reporting period, the Target Group has met all its capital management requirements.

27. Contract liabilities

	As at 31 December 2018 £000	*As at 31 December 2019 £000*	*As at 31 December 2020 £000*
Arising from customer trading credits	2,551	1,043	1,066

A contract liability arises in respect of trading credits in that the account fee paid by every customer allows them to use the amount to offset future commission payable within a 90 day period. The liability is calculated based on historical data giving the proportion of trading credits being used and all contract liabilities at the start of the period were recognised in the period.

28. Financial instruments and risk management objectives and policies

Categories of financial instruments

	As at 31 December 2018 £000	*As at 31 December 2019 £000*	*As at 31 December 2020 £000*
Financial assets			
Trade and other receivables	191,393	263,276	449,687
Cash and cash equivalents	68,620	90,561	126,896
Other non-current financial assets	344	434	137
	260,357	354,271	576,720

	As at 31 December 2018 £000	*As at 31 December 2019 £000*	*As at 31 December 2020 £000*
Financial liabilities			
Amounts due to counterparties and clients	167,194	236,700	412,076
Other creditors	2,490	3,287	4,667
	169,684	239,987	416,743

The carrying amount of all financial assets and liabilities approximate to their fair value due to their short-term nature.

Risk management

The Target Group's principal financial liabilities comprise trade and other payables, due to client and market positions. The main purpose of these financial liabilities is to finance the Target Group's operations and to support the open trading positions of the underlying clients. The Target Group has trade and other receivables and cash that arise directly from its operations.

The Target Group is exposed to market risk, concentration risk, interest rate risk and credit risk.

The Target Group's senior management oversees the management of these risks and is supported by an Internal Capital Adequacy Assessment Process ("ICAAP") that advises on financial risks and the appropriate financial risk governance framework for the Target. The ICAAP committee provides assurance to the Target Group's senior management that the Target Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Target Group policies and Target Group risk appetite. It is the Target Group's policy that no trading in derivatives shall be undertaken.

The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices or the Target Group's ability to settle trades in a timely manner on behalf of its clients. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk.

Market risk is managed through operational controls to ensure trades are carried out in a timely and accurate manner. Currency, commodity and other price risks are not material to the Target Group.

Concentration risk

The Target Group is exposed to concentration risk on its treasury and custodian services. The Target Group ensures that this risk is managed through carrying out full due diligence on all new counterparties, that they are regularly monitored, and that cash is placed in a diverse range of financial institutions approved by the board. Concentration risk affects the cash and the balances due to and from counterparties and clients on the consolidated statement of financial position and is deemed to have an immaterial impact to the entity.

Liquidity risk

Liquidity risk is the risk that the Target Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Target Group ensures that it has sufficient cash or working capital facilities to meet the cash requirements of the Target Group in order to mitigate this risk. The Target Group is financed through a combination of cash generated and secured discount notes. The key terms of the discount notes are set out in note 31.

Interest rate risk

Interest rate risk arises due to reduction in interest earned on funds deposited within the portfolio. Interest rate risk is mitigated through careful management of its cash portfolio and interest payable on its product range. The Target Group has a diversified revenue stream and is not solely reliant on net interest as an income source. Management considers, therefore, that interest rate risk is adequately managed. In accordance with FCA regulations, the Target stress tests interest rate risk on a quarterly basis against a 200 basis point (2%) parallel fall in interest rates. In the current low interest rate environment this means assuming no interest income. In the year ended 31 December 2020, a 0.25% fall in interest rates would have resulted in a £9,879,000 reduction in revenue (December 2019: £7,470,000; December 2018: £5,261,000). The level of interest paid to clients is monitored by net interest income forecasting which is presented to senior management where the results are assessed.

The Target Group has limited exposure due to the secured discount notes given they have a fixed future repayment.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Target Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Target Group is exposed to credit risks on its treasury, custodian and partner services. This also represents an exposure to liquidity risk, being the risk that cash requirements exceed the available sources of cash to the Target Group. The Target Group ensures that full due diligence is carried out on all new counterparties and that they are regularly monitored. Trade receivables and payables are on standard payment terms, thereby reducing long term liquidity risk.

The table below shows the maximum exposure to credit risk for balance sheet components:

	Total £000
Cash and short-term deposits	126,896
Trade and other receivables	449,687
	576,583

The below table outlines cash and short term deposits, analysed by geographical segment and credit rating of counterparties. The Target Group uses credit ratings supplied by S&P, an external rating agency, to determine the credit worthiness of counterparties.

	AAA to AA- £000	*A+ to A- £000*	*BBB+ to B- £000*	*Total £000*
United Kingdom	25,174	82,318	1,402	108,894
Europe	-	17,000	-	17,000
United States	-	2	-	2
Rest of the world	-	1,000	-	1,000
Cash per balance sheet	25,174	100,320	1,402	126,896
Cash included within assets held for sale	232,579	-	-	232,579
Cash and cash equivalents	257,753	100,320	1,402	359,475

Included within note 17 is an ageing analysis of trade and other receivables, as well as details of provisions held for bad debts.

29. Related party transactions

During the reporting periods, the following transactions were conducted by directors or companies in which directors have an interest.

Mr Christopher Roger Sharman and Mrs Marie McNeela are directors of Intertrust International Management Limited which acts as corporate service provider of the Target. The directors' remuneration, for the year ended 31 December 2020, paid to Intertrust International Management Limited for the provision of director services was £5,150 (2019: £5,150; 2018: £5,000). No amount was outstanding at 31 December 2020, 2019 or 2018.

The remuneration of directors of interactive investor, for the year ended 31 December 2020, who are the key management personnel of the Target Group, consists of short-term employee benefits of £1,388,000 (December 2019: £1,105,000; December 2018: £771,000), post-employment benefits of £46,000 (December 2019: £7,000; December 2018: £28,000) and share-based payments of £22,000 (December 2019: £509,000; December 2018: £81,000).

Cosign Limited, which acts as secretary of the Target, is a wholly owned subsidiary of Intertrust International Management Limited. There were no transactions with Cosign Limited for the years ended 31 December 2020, 2019 or 2018.

There were no sales or purchases of goods between the parent company and related parties during the current or prior periods.

30. Controlling party

The ultimate controlling party and ultimate parent entity is J.C. Flowers IV L.P., a limited partnership registered in the Cayman Islands.

31. Events after the reporting period

On 5 February 2021, the vast majority of core Share D2C clients were migrated to the Target Group's platform, a strategic milestone in delivering the future benefits of the acquisition of Share.

On 5 March 2021, the purchase of the EQi D2C customer list was agreed for cash consideration of up to £48.5 million which will be paid and recognised as an intangible fixed asset at the point of migration to the Target Group.

In January 2021, the Target Group successfully migrated the last remaining business that was being held for sale at the balance sheet date in ATS. This completed the sale to Embark and released a remaining gain on disposal of £4.5 million from the balance sheet. Subsequently, on 26 April 2021, the regulatory banking permissions of ATS were rescinded.

On 26 August 2021, the Target made a £20,000,000 partial repayment of the secured discount notes (see note 22) on a pro rata basis.

On 11 October 2021, the secured loan notes, constituted by a discount note instrument dated 2 June 2017, were amended and restated to provide increased flexibility for the Target in relation to repayment and to bring the terms into line with current market standards. Also on 11 October 2021, the discount note security was released.

The key revised terms of the amended and restated discount note instrument dated 11 October 2021 are:

- Cumulative preferred interest rate based on market benchmarks: 6.5% per annum;
- Interest payments: Payable quarterly with an ability for the Target to elect to defer/roll up interest payments;
- First right to cash flow, no ordinary dividend payable without discount noteholder approval;
- Term: perpetual note; full repayment required in the event of change of control or IPO; and
- Repayment: Quarterly repayment (partial or full) permissible at sole discretion of the Target.

These events have been treated as non-adjusting post balance sheet events.

32. Notes to the cash flow statement

Cash and cash equivalents

The table below reconciles cash and bank balances on the balance sheet with cash and cash equivalents in the cash flow statement.

	As at 31 December 2018 £000	*As at 31 December 2019 £000*	*As at 31 December 2020 £000*
Cash and bank balances	68,620	90,561	126,896
Cash and bank balances included in disposal group held for sale (see note 10), including investments	363,393	348,313	232,579
Cash and cash equivalents	432,013	438,874	359,475

Changes in liabilities arising from financing activities

The table below details changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated cash flow statement as cash flows from financing activities.

	1 Jan 2019 £000	*Financing cash flows £000*	*New Leases £000*	*Non-cash changes Other changes £000*	*31 Dec 2019 £000*
Lease liabilities	9,931	(2,120)	1,175	290	9,276
ATS pooled cash arrangement	-	-	-	-	-
Total liabilities from financing activities	9,931	(2,120)	1,175	290	9,276

	1 Jan 2020 £000	*Financing cash flows £000*	*New Leases £000*	*Non-cash changes Other changes £000*	*31 Dec 2020 £000*
Lease liabilities	9,276	(2,681)	2,820	100	9,515
ATS pooled cash arrangement	-	16,428	-	-	16,428
Total liabilities from financing activities	9,276	13,747	2,820	100	25,943

The figures for overdrafts relate to cash pooling arrangements in ATS, whereby certain bank accounts are typically in an overdraft position.

There were no cash movements in the Target Group's secured discount notes (see note 22) during the period covered by the historical financial information.

33. Subsidiaries

Details of the investments in which the Target holds 20% or more of the ordinary share capital are set out below. For all companies, the shareholding is 100%, save for the shareholding in interactive investor, which is 95.2%.

	Registered number	*Country of incorporation*	*Holding*	*Share capital and reserves £000*
interactive investor Limited	04752535	England & Wales	Direct	119,769
Moneywise Publishing Limited	5034730	England & Wales	Indirect	2,618
Interactive Investor Services Limited	2101863	England & Wales	Indirect	187,756
Alliance Trust Savings Limited	SC098767	Scotland	Indirect	28,087
Investor Nominees (Dundee) Limited	SC120563	Scotland	Indirect	-
Investor Nominees Limited	7147714	England & Wales	Indirect	-
Interactive Investor Services Nominees Limited	979423	England & Wales	Indirect	-
Investor SIPP Trustees Limited	10670459	England & Wales	Indirect	-
Share Limited	2966283	England & Wales	Indirect	11,525
The Share Centre Limited	2461949	England & Wales	Indirect	18,217
The Share Centre (Administration Services) Ltd	2957407	England & Wales	*Indirect	1,710
The Shareholder Limited*	2115162	England & Wales	*Indirect	-
Personal Retirement Account Limited	3173696	England & Wales	*Indirect	-
Share Nominees Limited	2476691	England & Wales	*Indirect	-
Sharesecure Limited	3987069	England & Wales	*Indirect	-

* Share Limited owns 100% of the share capital of these entities (directly or indirectly).

* The Shareholder Limited was disposed of in October 2021 for nominal consideration of £1.

PART B: ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION

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Private & confidential

The Directors
abrdn plc
1 George Street
Edinburgh
EH2 2LL

9 February 2022

Dear Directors,

Antler Holdco Limited

We report on the financial information set out on pages 30 to 72 for the three years ended 31 December 2018, 31 December 2019, and 31 December 2020. This report is required by paragraph 13.5.21R of the Listing Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Class 1 circular dated 9 February 2022, a true and fair view of the state of affairs of Antler Holdco Limited as at 31 December 2018, 31 December 2019 and 31 December 2020 and of its consolidated profits, consolidated statement of cash flows and consolidated statement of changes in equity for the years ended 31 December 2018, 31 December 2019 and 31 December 2020, in accordance with the basis of preparation set out in note 2 and in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006.

Responsibilities

The Directors of abrdn plc are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Ordinary shareholders as a result of the inclusion of this report in the Class 1 circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Class 1 circular.

Basis of Preparation

The financial information has been prepared for inclusion in the Class 1 circular relating to the acquisition of Antler Holdco Limited dated 9 February 2022 of abrdn plc on the basis of the accounting policies set out in note 2 of the financial information.

Basis of Opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom (the 'FRC'). We are independent, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements of the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Conclusions Relating to Going Concern

The Directors of abrdn plc have prepared the financial information on the going concern basis as they do not intend to liquidate the entity or to cease their operations, and as they have concluded that the entity's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial information ("the going concern period").

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the entity's financial information is appropriate; and

- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for the going concern period.

Yours faithfully

PART VI
UNAUDITED PRO FORMA FINANCIAL INFORMATION RELATING TO THE ENLARGED GROUP

PART A: UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma income statement of the Enlarged Group has been prepared based on the audited consolidated statement of income of the abrdn Group for the year ended 31 December 2020 and the consolidated income statement of the Target Group contained within the financial information of the Target Group as set out in Part V (*Historical Financial Information relating to the Target Group*) of this Circular for the year ended 31 December 2020 to illustrate the effect on the income statement of the abrdn Group of the Acquisition as if it had taken place as at 1 January 2020.

The unaudited pro forma statement of net assets of the Enlarged Group has been prepared based on the audited consolidated statement of financial position of the abrdn Group as at 31 December 2020 and the consolidated statement of financial position of the Target Group contained within the financial information of the Target Group as set out in Part V (*Historical Financial Information relating to the Target Group*) of this Circular as at 31 December 2020 to illustrate the effect on the net assets of the abrdn Group of the Acquisition as if it had taken place as at 31 December 2020.

The unaudited pro forma income statement of the Enlarged Group and the unaudited pro forma statement of net assets of the Enlarged Group together form the unaudited pro forma financial information.

The unaudited pro forma financial information set out in this Part VI (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation that does not represent the abrdn Group's or the Enlarged Group's actual financial position or results.

The unaudited pro forma financial information has been prepared on a consistent basis with the accounting policies and presentation adopted by the abrdn Group in relation to the period ended 31 December 2020 on the basis of the notes set out below and in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority. The adjustments in the unaudited pro forma financial information are expected to have a continuing impact on the Enlarged Group, unless stated otherwise.

Furthermore, the unaudited pro forma financial information set out in this Part VI (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

Shareholders should read the whole of this Circular and not rely solely on the pro forma financial information contained in this Part VI (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*).

1. Unaudited *pro forma* income statement relating to the Enlarged Group

		Adjustments			
	abrdn Group as at 31 December 2020 Note 1 £m	Target Group as at 31 December 2020 Note 2 £m	Adjustments to conform to disclosures Note 3 £m	Acquisition adjustments Notes 4 & 5 £m	*Pro forma* Enlarged Group £m
Income					
Investment return	163				163
Revenue from contracts with customers	1,527	135			1,662
Insurance contract premium income	31				31
Profit on disposal of interests in associates	1,858				1,858
Other income	30				30
Total income from continuing operations	**3,609**	**135**			**3,744**
Expenses					
Insurance contract claims and change in liabilities	17				17
Change in non-participating investment contract liabilities	56				56
Administrative expenses					
Restructuring and corporate transaction expenses	297		3	25	325
Impairment of goodwill – asset management	915				915
Other administrative expenses	1,608		97		1,705
Costs of sales		17	(17)		-
Loss allowable on trade receivables		1	(1)		-
Administrative expenses		82	(82)		-
Total administrative expenses	**2,820**	**100**	**-**	**25**	**2,945**
Change in liability for third party interest in consolidated funds	(3)				(3)
Finance costs	30	7		(7)	30
Total expenses from continuing operations	**2,920**	**107**	**-**	**18**	**3,045**
Share of profit from associates and joint ventures	194				194
(Loss on) / reversal of impairment of interests in associates	(45)				(45)
Profit before tax from continuing operations	**838**	**28**	**-**	**(18)**	**848**
Tax (credit)/ expense attributable to continuing operations	(15)	7		(1)	(9)
Profit for the year from continuing operations	**853**	**21**	**-**	**(17)**	**857**
(Loss)/profit for the year from discontinued operations	(15)	(4)			(19)
Profit for the year	**838**	**17**	**-**	**(17)**	**838**
Attributable to:					
Equity holders of abrdn plc					
From continuing operations	848	20		(16)	852
From discontinued operations	(15)	(4)			(19)
Equity holders of abrdn plc	**833**	**16**	**-**	**(16)**	**833**
Non-controlling interests					
From continuing operations – preference shares	5				5
From continuing operations – ordinary shares		1		(1)	-
	838	**17**	**-**	**(17)**	**838**

Notes

(1) The figures for the abrdn Group have been extracted without material adjustment from the audited financial statements of the abrdn Group for the year ended 31 December 2020 incorporated by reference into this Circular as set out in paragraph 16 of Part VIII (*Additional Information*).

(2) The figures for the Target Group have been extracted without material adjustment from the financial information of the Target Group for the year ended 31 December 2020 included in Part V (*Historical Financial Information relating to the Target* Group) of this Circular.

(3) This column reflects the following reclassifications to align the presentation of the Target Group's income statement to that of the abrdn Group:

   (i) The Target Group discloses "Cost of sales, "Loss allowable on trade receivables" and "Administrative expenses" separately on its income statement whereas the abrdn Group discloses these items within "Other administrative expenses", with the exception of £3 million of transaction and integration costs which the abrdn Group discloses within the "Restructuring and corporate transaction expenses" line item. This resulted in a £97 million reclassification to "Other administrative expenses" and a £3m reclassification to "Restructuring and corporate transaction expenses".

(4) This column reflects the following adjustments:

   (i) An adjustment of £25 million charge within the line item "Restructuring and corporate transaction expenses" representing an estimate of the transaction costs incurred (inclusive of an estimate for irrecoverable VAT).

   (ii) An adjustment of £7 million credit within the line item "Finance costs" representing the removal of finance costs relating to Antler secured discount notes which will be repaid as part of the Acquisition.

   (iii) An adjustment of £1 million credit within the line item "Tax expense attributable to equity holders' profits" representing a current tax credit on tax-deductible transaction costs incurred as described in Note 4(i) above. The tax rate used is 19%, which reflects the average UK corporation tax rate for the year ended 31 December 2020.

   (iv) An adjustment of £1 million debit within the line item "Non-controlling interests – from continuing operations – ordinary shares" representing the removal of non-controlling interests as part of the Acquisition.

   (v) As described in Note 5 to the pro forma statement of financial position, a fair valuation exercise will be undertaken on completion of the Acquisition, which will include fair valuation of the customer relationship and other intangibles attaching to the Target Group's business. On completion of the Acquisition, these intangible assets will replace the Target Group's existing customer intangibles. Under IFRS, it is necessary to amortise these customer-related intangible assets on a systematic basis over the useful lifetime of the related contracts. On completion of the Acquisition, the amortisation charge relating to the new customer-related intangible assets will replace the Target Group's existing customer-related intangibles amortisation charge. Given that the fair valuation exercise will not be performed until completion of the Acquisition, the actual rate of amortisation will also not be known until completion of the Acquisition. In preparing the adjustments, no account has therefore been taken of this increased amortisation charge relating to intangible assets.

(5) In preparing the unaudited pro forma income statement, no account has been taken of the trading activity or other transactions of the abrdn Group since 31 December 2020 or the Target Group since 31 December 2020. Neither has any adjustment been made for any synergies, or related costs (which will be incurred post-transaction), which are anticipated to be achieved from the Acquisition. All of the adjustments described in Note 4 will have a continuing impact, with the exception of the adjustments in relation to transaction costs and related tax described in Note 4(i) and Note 4(iii).

2. Unaudited *pro forma* statement of net assets relating to the Enlarged Group

	abrdn Group as at 31 December 2020 Note (1) £m	Adjustments: Target Group as at 31 December 2020 Note (2) £m	Adjustments: Adjustments to conform to disclosures Note (3) £m	Adjustments: Acquisition adjustments Notes (4), (5), (6) & (7) £m	*Pro forma* Enlarged Group £m
Assets					
Goodwill		38	(38)		-
Intangible assets	501	19	38	1,284	1,842
Pension and other post-retirement benefit assets	1,474				1,474
Investments in associates and joint ventures accounted for using the equity method	1,371				1,371
Property, plant and equipment	236	2	8		246
Right of use assets		8	(8)		-
Deferred tax assets	131	7			138
Financial investments	3,110				3,110
Receivables and other financial assets	621	450			1,071
Current tax recoverable	9				9
Other assets	46				46
Assets held for sale	19	237			256
Cash and cash equivalents	1,519	127		(1,515)	131
	9,037	**888**	**-**	**(231)**	**9,694**
Assets backing unit linked liabilities (excluding held for sale)					
Financial investments	1,395				1,395
Receivables and other unit linked assets	8				8
Cash and cash equivalents	38				38
	1,441				**1,441**
Total assets	**10,478**	**888**	**-**	**(231)**	**11,135**
Liabilities					
Third party interest in consolidated funds	77				77
Subordinated liabilities	638				638
Pension and other post-retirement benefit provisions	55				55
Deferred income	73				73
Deferred tax liabilities	66	3			69
Current tax liabilities	15			(1)	14
Derivative financial liabilities	13				13
Other financial liabilities	1,177		510	(67)	1,620
Trade and other payables		432	(432)		-
Lease liabilities – current		4	(4)		-
Lease liabilities – non current		6	(6)		-
Contract liability		1	(1)		-
Secured discount notes		67	(67)		-
Provisions	93	4			97
Other liabilities	6				6
Liabilities of operations held for sale	11	232			243
	2,224	**749**	**-**	**(68)**	**2,905**
Unit linked liabilities (excluding held for sale)					
Investment contract liabilities	1,042				1,042
Third party interest in consolidated funds	388				388
Other unit linked liabilities	11				11
	1,441				**1,441**
Total liabilities	**3,665**	**749**	**-**	**(68)**	**4,346**
Net assets	**6,813**	**139**	**-**	**(163)**	**6,789**

Notes

(1) The net assets of the abrdn Group have been extracted without material adjustment from the audited financial statements of the abrdn Group as at 31 December 2020 incorporated by reference into this Circular as set out in paragraph 16 of Part VIII (*Additional Information*).

(2) The net assets of the Target Group have been extracted without material adjustment from the financial information of the Target Group for the year ended 31 December 2020 included in Part V (*Historical Financial Information relating to the Target* Group) of this Circular.

(3) This column reflects the following reclassifications to align the presentation of the Target Group's net assets statement to that of the abrdn Group:

(i) The Target Group discloses "Goodwill" separately on its balance sheet whereas the abrdn Group discloses the items contained within this line item as "Intangible assets". This results in a £38 million reclassification out of "Goodwill" and into "Intangible assets".

(ii) The Target Group discloses "Right-of-use assets" separately on its balance sheet whereas the abrdn Group discloses the items contained within this line item as "Property, plant and equipment". This results in a £8 million reclassification out of "Right-of-use assets" and into "Property, plant and equipment".

(iii) The Target Group discloses "Trade and other payables", ''Lease liabilities'', "Contract liability", and ''Secured discount notes'' separately on its balance sheet whereas the abrdn Group discloses the items contained within these line items as "Other financial liabilities". This results in reclassifications of £432 million out of "Trade and other payables", £4 million out of ''Lease liabilities – current'', £6 million out of "Lease liabilities – non current", £1 million out of "Contract liability", and £67 million out of ''Secured discount notes'' and £510 million into "Other financial liabilities".

(4) Under IFRS acquisition accounting, it is necessary to fair value the consideration paid and all the assets and liabilities of the acquired business. In the pro forma statement of net assets, no adjustments have been made to the fair values of the individual net assets of the Target Group to reflect any remeasurement to fair value that may arise on the Acquisition as this exercise will not be undertaken until after the completion of the Acquisition.

(5) The adjustments arising as a result of the Acquisition are set out below:

(i) The adjustment reflects goodwill arising on the Acquisition and has been accounted for using the acquisition method of accounting. The excess of consideration over the book value acquired has been reflected as goodwill. A fair value exercise to allocate the purchase price will be completed following the completion of the acquisition; therefore no account has been taken in the pro forma of any fair value adjustments that may arise on the acquisition, or for the value of customer-related or other intangibles to be recognised at the date of acquisition.

The consideration payable and the calculation of the adjustment to goodwill are set out below:

	Note	£m
Cash consideration	(ii)(a)	1,490
Less cash consideration used to repay secured discount notes	(iii)	(67)
Less tangible net assets acquired of the Target Group	(ii)(b)	(82)
Goodwill and other intangibles arising on acquisition		**1,341**
Less Target Group intangible assets already recognised	(ii)(b)	(57)
Pro forma adjustment required		**1,284**

(ii) The consideration is due to be settled as follows:

(a) The cash consideration paid will be £1,490 million, subject to certain adjustments set out in paragraph 1.2 of Part IV (*Principal Terms and Conditions of the Acquisition*).

(b) The net assets acquired of £82 million comprise the net assets of the Target Group as at 31 December 2020 of £139 million net of the elimination of goodwill and other intangibles of £57 million included in the Target Group balance sheet as at 31 December 2020.

(iii) Part of the cash consideration is to be used to repay the secured discount notes at completion of the acquisition and therefore a £67 million adjustment to "Other financial liabilities" has been made to remove these secured discount notes.

(6) Estimated acquisition costs of £25 million in association with the Acquisition have been allocated to "Cash and cash equivalents" of which £25 million has been charged to the pro forma income statement. A related current tax asset of £1 million representing the tax credit on those transaction costs that are tax-deductible is shown within "Current tax liabilities".

(7) On 13 December 2021, abrdn issued Additional Tier 1 debt of £210 million to optimise its capital structure. This debt and the related cash proceeds are not included in the acquisition adjustments in this pro forma financial information.

PART B: ACCOUNTANT'S REPORT ON PRO FORMA FINANCIAL INFORMATION RELATING TO THE ENLARGED GROUP

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Private & confidential
The Directors
abrdn plc
1 George Street
Edinburgh
EH2 2LL

9 February 2022

Dear Directors,

abrdn plc

We report on the pro forma income statement and pro forma statement of net assets (the 'Pro forma financial information') set out in Part VI of the Class 1 circular dated 9 February 2022. This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority and is given for the purpose of complying with that paragraph and for no other purpose.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and

- such basis is consistent with the accounting policies of abrdn plc.

Responsibilities

It is the responsibility of the directors of abrdn plc to prepare the Pro forma financial information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to ordinary shareholders as a result of the inclusion of this report in the

Class 1 circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Class 1 circular.

Basis of Preparation

The pro forma financial information has been prepared on the basis described in Part VI, for illustrative purposes only, to provide information about how the acquisition might have affected the financial information presented on the basis of the accounting policies adopted by abrdn plc in preparing the financial statements for the period ended 31 December 2020.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom (the 'FRC'). We are independent, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements of the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of abrdn plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of abrdn plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Yours faithfully

PART VII
PRESENTATION OF INFORMATION

1. Website and media information

The contents of abrdn's website (www.abrdn.com), the contents of any website accessible from hyperlinks on such website or any other website referred to in this Circular do not form part of this Circular and Shareholders should not rely on them.

Furthermore, abrdn does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, or the fairness or appropriateness of any forecasts, views, or opinions expressed by the press or other media regarding the Acquisition or the abrdn Group. None of abrdn, the abrdn Directors, the abrdn Group, J.P. Morgan Cazenove or any other persons involved in the Acquisition make any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

2. Forward-looking statements

This Circular (including information incorporated by reference into this Circular), oral statements regarding the Acquisition and other information published by abrdn contain certain forward-looking statements with respect to the financial condition, strategies, objectives, financial results and businesses of abrdn, including any information as to the abrdn Group's or the Enlarged Group's strategy, plans or future financial or operating performance.

These forward-looking statements can be identified because they do not relate only to historical or current facts. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations, assumptions and projections of the management of the abrdn Group and the Target Group about future events, and are therefore subject to known and unknown risks and uncertainties, which could cause actual results, performance or events to differ materially from the future results, performance or events expressed or implied by the forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and the events discussed herein may not occur.

The forward-looking statements contained in this Circular include statements relating to the expected effects of the Acquisition on the abrdn Group and the Target Group or the Enlarged Group (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition, the potential exposure of the Enlarged Group to market risks; statements as to accretion; statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions, including future potential cost savings, earnings, return on average capital employed, production and prospects; and other statements other than historical facts. Forward-looking statements often use words such as: "aims", "anticipates" or "does not anticipate", "assumes", "believes", "budget", "could", "contemplates", "continues", "estimates", "expects" or "does not expect", "is expected", "forecasts", "is subject to", "intends", "may", "plans", "predicts", "projects", "scheduled", "seeks", "shall", "should", "strategy", "targets", "would", "will" or, in each case, their negative or other variations or comparable terminology and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements are based on assumptions and assessments made by abrdn in light of its experience and its perception of historical trends, current conditions, future developments and other factors it believes to be appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this Circular could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although abrdn believes that the expectations reflected in such forward-looking statements are reasonable, abrdn can give no assurance that such expectations will prove to have been correct and readers are therefore cautioned not to place undue reliance on these forward-looking statements.

Several factors could cause actual results to differ materially from those expressed in or implied by forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they are based on information available at the time they are made, including current expectations and assumptions, and relate to future events and/or depend on circumstances which may be or are beyond the abrdn Group's control, including among other things: UK domestic and global political, economic, business conditions, competitive, market and regulatory forces (such as the UK's exit from the EU); market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities; the impact of inflation and deflation; the impact of competition; the timing, impact and other uncertainties associated with future acquisitions, disposals or combinations undertaken by abrdn or its affiliates and/or within relevant industries; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the value of and earnings from the abrdn Group's strategic investments and ongoing commercial relationships; default by counterparties; information technology or data security breaches (including the abrdn Group being subject to cyberattacks); operational information technology risks, including the abrdn Group's operations being highly dependent on its information technology systems (both internal and outsourced); natural or man-made catastrophic events; the impact of pandemics, such as the COVID-19 (coronavirus) outbreak; climate change and a transition to a low carbon economy (including the risk that the abrdn Group may not achieve its targets); exposure to third party risks including as a result of outsourcing; the failure to attract or retain necessary key personnel; the policies and actions of regulatory authorities; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations (including changes to the regulatory capital requirements that abrdn is subject to) in the jurisdictions in which the abrdn Group and its affiliates or the Target Group operate.

All forward-looking statements contained in this Circular are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Readers should specifically consider the factors identified in this Circular that could cause actual results to differ before taking any action in respect of the Acquisition. Specific reference is made to Part I (*Letter from the Chairman*) and Part III (*Risk Factors*).

Each forward-looking statement speaks only as at the date of this Circular. Neither abrdn nor the abrdn Group assumes any obligation to update or correct the information contained in this Circular (whether as a result of new information, future events or otherwise), except as required by the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and any applicable law. In light of these risks, results could differ materially from those stated in, implied by or inferred from the forward-looking statements contained in this Circular.

The statements above relating to forward-looking statements should not be construed as a qualification on the opinion as to working capital set out in paragraph 12 of Part VIII (*Additional Information*) of this Circular.

3. No forecasts or estimates

No statement in this Circular is intended as a profit forecast or profit estimate for any period.

No statement in this Circular should be interpreted to mean that earnings or earnings per share or dividend per share or cash flow from operations or free cash flow for the abrdn Group, the Target Group or the

Enlarged Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share or cash flow from operations or free cash flow for the abrdn Group, the Target Group or the Enlarged Group, as appropriate.

4. Non-IFRS measures

Certain operating and financial performance metrics contained in this document have not been audited and this document contains some financial measures which are not within the scope of IFRS (**"Non-IFRS"**) and which are used by abrdn and/or the Target, respectively, to assess the financial performance of their businesses. These measures include, among others, "adjusted earnings" and are included because abrdn or Target believe that they are important supplemental measures of operating performance. These are not measures of operating performance derived from IFRS and should not be considered as substitutes for the abrdn Group's or the Target Group's financial results based on IFRS. In addition, these measures are not intended to be an indication of abrdn's ability to fund the abrdn Group's or, following Completion, the Enlarged Group's cash requirements. Consideration should be given to the types of events and transactions that are excluded from the calculation of the measures. These Non-IFRS measures are not uniformly defined by all companies, and therefore comparability may be limited. Non-IFRS financial measures are used by abrdn to make operating decisions because they facilitate internal comparisons of the abrdn Group's performance to historical results and to competitors' results. The abrdn Directors also believe that they are useful in that they provide investors with alternative means to evaluate the performance and position of the abrdn Group and/or the Target Group.

5. Pro forma financial information relating to the Enlarged Group

Information in relation to pro forma financial information of the Enlarged Group is provided in Part VI (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of this Circular.

The references to "pro forma" financial information in paragraph 6 of Part I (*Letter from the Chairman*) and paragraph 4 of Part II (*Questions and Answers relating to the Acquisition*) of this Circular are to information which has been extracted without material adjustments from the unaudited pro forma financial information contained in Part VI (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of this Circular. The unaudited pro forma financial information contained in Part VI (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of this Circular is based on the historical financial information of the Target Group contained in Part V (*Historical Financial Information relating to the Target* Group) of this Circular and the financial information incorporated by reference into this Circular as set out in paragraph 16 of Part VIII (*Additional Information*) of this Circular, respectively. The unaudited pro forma income statement has been prepared to illustrate the effect on the earnings of the Enlarged Group as if the acquisition had taken place on 1 January 2020. The unaudited pro forma statement of net assets has been prepared to illustrate the effect on the net assets of the Enlarged Group as if the acquisition had taken place on 31 December 2020.

The unaudited pro forma income statement and statement of net assets have been prepared for illustrative purposes only and, because of their nature, address a hypothetical situation and do not, therefore, represent abrdn's or the Enlarged Group's actual financial position or results. The pro forma financial information has been prepared under IFRS as adopted by the UK and on the basis set out in Part VI (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*) of this Circular and in accordance with Item 13.3.3 R of the Listing Rules and in a manner consistent with the accounting policies adopted by abrdn in preparing the audited consolidated financial statements for the year ended 31 December 2020.

6. Industry and market data

All market data contained in this Circular has been extracted from various industry sources and other independent sources unless otherwise stated. In the case of statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source.

Where information contained in this Circular has been sourced from third-party reports and industry publications, abrdn and the abrdn Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading and authorisation for including such information in this Circular has been obtained where required. The accuracy of such third-party information and of the data supporting such information has not been audited or independently verified by abrdn.

7. Rounding

Certain figures included in this Circular 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 figures that precede them.

8. Other information relating to the Target Group

This Circular contains information regarding the Target Group and the Enlarged Group that has been incorporated by reference or accurately reproduced from the information provided to abrdn by the Sellers and/or the Target Group for inclusion in this Circular. As far as abrdn is aware and is able to ascertain from information published by the Target Group or otherwise provided to abrdn by the Sellers and/or the Target Group, no facts have been omitted that would render the reproduced information inaccurate or misleading.

9. Currency presentation

Unless otherwise indicated, all references in this Circular to “sterling”, “pounds sterling”, “GBP” and “£” are to the lawful currency of the United Kingdom. Unless otherwise indicated, the financial information contained in this Circular has been expressed in GBP. The abrdn Group prepares its financial information in GBP.

10. Defined terms

The meanings of defined terms used in this Circular are set out in Part IX (*Definitions*).

PART VIII
ADDITIONAL INFORMATION

1. Responsibility statement

The abrdn Directors, whose names appear in paragraph 3 below, and abrdn accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the abrdn Directors and abrdn (each of whom have taken all reasonable care to ensure that such is the case), the information contained in this Circular is in accordance with the facts and this Circular does not omit anything likely to affect the import of such information.

2. Company information

abrdn has its origins in the Life Insurance Company of Scotland, which was founded as a mutual company in Edinburgh in 1825. It was renamed the Standard Life Assurance Company in 1832. At a Special General Meeting in May 2006, the eligible members of the Standard Life Assurance Company voted to demutualise the company and float on the London Stock Exchange. The Company was listed on the London Stock Exchange on 10 July 2006 as Standard Life plc. On 14 August 2017, Standard Life plc completed an all-share merger with Aberdeen Asset Management PLC and was renamed Standard Life Aberdeen plc. On 2 July 2021, Standard Life Aberdeen plc was renamed abrdn plc.

The principal legislation under which abrdn operates is the Companies Act 2006.

abrdn is registered at Companies House under company number SC286832 and is UK tax resident. abrdn's registered office is 1 George Street, Edinburgh, United Kingdom, EH2 2LL. The telephone number of its principal place of business is +44 (0)131 528 4000. The telephone number for abrdn Shareholder Services is +44 (0)371 384 2464 or +44 (0)371 384 2493 if calling from Germany or Austria. The helpline cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

3. abrdn Directors

The abrdn Directors and their positions as at the date of this Circular are as follows:

Name	Position
Sir Douglas Flint	*Chairman*
Stephen Bird	*Chief Executive Officer*
Stephanie Bruce	*Chief Financial Officer*
Jonathan Asquith	*Senior Independent Non-Executive Director*
Catherine Bradley	*Independent Non-Executive Director*
John Devine	*Independent Non-Executive Director*
Hannah Grove	*Independent Non-Executive Director*
Brian McBride	*Independent Non-Executive Director*
Martin Pike	*Independent Non-Executive Director*
Cathleen Raffaeli	*Independent Non-Executive Director*
Cecilia Reyes	*Independent Non-Executive Director*
Jutta af Rosenborg	*Independent Non-Executive Director*

The business address of each Director is abrdn's registered office.

4. Company Secretary

Kenneth Gilmour (Group Company Secretary)

5. abrdn Directors' service contracts

Details of service contracts of the abrdn Directors are set out on pages 94 to 95 of the abrdn 2020 Annual Report and page 104 of the abrdn 2019 Annual Report and are available for inspection at abrdn's reqistered office at 1 George Street, Edinburgh, United Kingdom, EH2 2LL.

6. Interests of abrdn Directors in abrdn Shares

6.1 Total interests in abrdn Shares

The total interests of the abrdn Directors in abrdn Shares as at the Latest Practicable Date are set out below:

Director	No. of abrdn Shares as at the Latest Practicable Date	% of issued capital
Sir Douglas Flint	179,617	0.0082
Stephen Bird	700,000	0.0321
Stephanie Bruce	360,000	0.0165
Jonathan Asquith	102,849	0.0047
Catherine Bradley	12,181	0.0006
John Devine	28,399	0.0013
Hannah Grove	33,000	0.0015
Brian McBride	0	0
Martin Pike	69,476	0.0032
Cathleen Raffaeli	9,315	0.0004
Cecilia Reyes	0	0
Jutta af Rosenborg	8,981	0.0004

6.2 Awards granted to abrdn Directors

As at the Latest Practicable Date, the abrdn Directors have outstanding awards over abrdn Shares as set out below:

Director	abrdn share plan	Date of original award	Expected first date of exercise	Number of abrdn Shares over which awards are outstanding as at the Latest Practicable Date (excluding accrued dividend equivalents)
Stephen Bird	Deferred Share Plan	09/04/2021	09/04/2022	89,008
Stephen Bird	Long term Incentive Plan	14/08/2020	14/08/2025	945,765
Stephen Bird	Long term Incentive Plan	09/04/2021	09/04/2026	1,033,650
Stephanie Bruce	Deferred Share Plan	03/06/2019	03/06/2022	93,857
Stephanie Bruce	Deferred Share Plan	09/04/2020	09/04/2025	89,594
Stephanie Bruce	Deferred Share Plan	09/04/2021	09/04/2022	63,969
Stephanie Bruce	Long term Incentive Plan	18/05/2020	18/05/2025	501,467
Stephanie Bruce	Long term Incentive Plan	09/04/2021	09/04/2026	363,254

Save as disclosed in this section, as at the Latest Practicable Date, neither the abrdn Directors nor their immediate families or (so far as is known to the abrdn Directors or could with reasonable diligence be ascertained by them) persons connected (within the meaning of section 252 of the Companies Act 2006) with the abrdn Directors have any interests (beneficial or non-beneficial) in the share capital of any member of the abrdn Group.

7. Major interests in abrdn Shares

As at the Latest Practicable Date, abrdn had been notified in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules that the following persons have a notifiable interest in the issued ordinary share capital of abrdn:

Rank	Shareholder	Number of shares (m)[34]	% of abrdn Shares held
1	BlackRock, Inc.	106.5	5.39
2	Silchester International Investors LLP	109.5	5.02

None of the major Shareholders listed above has different voting rights attached to the abrdn Shares that they hold.

abrdn is not aware of any persons who, as at the Latest Practicable Date, directly or indirectly, jointly or severally, exercise or could exercise control over abrdn.

As at the date of this Circular, abrdn held no treasury shares.

[34] The number of shares shown and the percentage of abrdn Shares held are based on the latest information notified to abrdn as at the Latest Practicable Date (being the notification of major holdings from Silchester International Investors LLP dated 20 January 2022 and the notification of major holdings from BlackRock, Inc. dated 27 September 2016)

8. Key individuals of the Target Group

The following individuals are deemed by abrdn to be key to the operations of the Target Group:

Name	Position
Richard Wilson	Chief Executive Officer
Barry Bicknell	Chief Financial Officer
Gary Shaw	Director of Operations
John Tumilty	Chief Technology Officer

9. Litigation

9.1 abrdn Group

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which abrdn is aware) during the period of 12 months preceding the date of this Circular, which may have, or have had in the recent past, significant effects on abrdn and/or the abrdn Group's financial position or profitability.

9.2 Target Group

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which abrdn is aware) during the period of 12 months preceding the date of this Circular, which may have, or have had in the recent past, significant effects on the Target and/or Target Group's financial position or profitability.

10. Material contracts

10.1 abrdn Group

No contracts have been entered into (other than contracts entered into in the ordinary course of business): (i) within the two years immediately preceding the date of this Circular and which are, or may be, material to the abrdn Group; or (ii) that contain any provision under which any member of the abrdn Group has any obligation or entitlement which is, or may be, material to the abrdn Group as at the Latest Practicable Date, save as disclosed below:

(A) Share Purchase Agreement

abrdn and the Sellers entered into the Share Purchase Agreement on 2 December 2021, which is summarised in paragraph 1 of Part IV (*Principal Terms and Conditions of the Acquisition*) of this Circular.

(B) Management Warranty Deed

abrdn and the Management Warrantors entered into the Management Warranty Deed on 2 December 2021, which is summarised in paragraph 2 of Part IV (*Principal Terms and Conditions of the Acquisition*) of this Circular.

(C) W&I Policy and Excess Policies

abrdn entered into the W&I Policy and the Excess Policies on 2 December 2021, which are summarised in paragraph 3 of Part IV (*Principal Terms and Conditions of the Acquisition*) of this Circular.

(D) Simplification and extension of the strategic partnership with the Phoenix Group

On 31 August 2018, the abrdn Group sold its UK and European insurance business (the "**abrdn Legacy Business**") to the Phoenix group (the "**Business Sale**") for a total consideration of £3.3 billion, including £2.3 billion in cash and a 19.99 per cent. shareholding in the Phoenix group.

On 23 February 2021, the abrdn Group and the Phoenix Group announced their agreement to simplify and extend their strategic partnership. The material components of that agreement are as follows:

(i) the re-purchase by the abrdn Group from the Phoenix Group of certain parts of the abrdn Legacy Business, being the Wrap Self-Invested Personal Pension business (including the Wrap SIPP scheme policy and the Wrap SIPP product) (the "**Wrap SIPP Business**"), the Wrap Onshore Bond business (together with the Wrap SIPP Business, the "**Wrap Business**") and the UK Trustee Investment Plan business (the "**TIP Business**") (together, the "**Business Purchase**");

(ii) the strategic asset management partnership agreed at the time of the Business Sale was extended and will now operate until at least 2031;

(iii) the sale by the abrdn Group of the "Standard Life" brand to the Phoenix Group, effected 18 May 2021;

(iv) the settlement of certain differences between the abrdn Group and the Phoenix Group in relation to certain legacy matters; and

(v) the entry into certain agreements in order to reflect the refocussing of the strategic relationship between abrdn and the Phoenix Group and consequent winding down of certain services in light of the Business Purchase.

The terms of the material agreements which relate to these arrangements are summarised below. As at the Latest Practicable Date certain arrangements described above are in the process of being implemented, which are described in further detail below.

Implementation Agreement

The implementation agreement entered into on 14 September 2021 (the "**Implementation Agreement**") governs the arrangements between certain members of the abrdn Group and certain members of the Phoenix Group in relation to (among other things) the Business Purchase.

The upfront payment by the abrdn Group to the Phoenix Group for the Business Purchase was £62.5 million. The economic risk and reward of the Wrap Business transferred from the Phoenix Group to the abrdn Group on 1 January 2021, and as such the purchase price for the Wrap Business will be offset in part by expected payments from the Phoenix Group to the abrdn Group in respect of the profits of the business attributable to the period from 1 January 2021 to the legal transfer of the Wrap Business.

The legal transfer of the Wrap Onshore Bond, the Wrap SIPP scheme policy and the TIP Business will be effected by way of an insurance business transfer scheme pursuant to Part VII of the FSMA (the "**Part VII Scheme**"). The purchases of the Wrap Business and the TIP Business are conditional upon certain matters including: (a) an order made by the court sanctioning the Part VII Scheme; (b) the satisfaction of any conditions to such an order; and (c) the relevant members of the abrdn Group obtaining from the PRA or FCA (as applicable) any additional regulatory permissions as required in order to operate the Wrap Business or the TIP Business (as applicable). The legal transfer of the Wrap SIPP product does not need to be effected pursuant to Part VII of the FSMA and will accordingly be transferred as part of separate arrangements.

The Implementation Agreement contains customary warranties given by the Phoenix Group parties. A limited sub-set of the warranties will be repeated immediately before the effective date of the Part VII Scheme. Any warranty claims will be subject to financial and other customary limitations of liability set out in the Implementation Agreement. The Implementation Agreement also contains customary covenants given by members of the Phoenix Group in respect of the conduct of the Wrap Business and the TIP Business in the period prior to the effective date of the Part VII Scheme, as well as provisions relating to the implementation of the Part VII Scheme.

The Implementation Agreement contains cross-indemnities whereby Phoenix has agreed to indemnify the abrdn Group in respect of certain liabilities arising in connection with the Wrap Business and the TIP Business referable to the period between the effective date of the Business Sale and the effective date of the Part VII Scheme, while abrdn has agreed to indemnify the Phoenix Group against certain liabilities which are not covered by the Phoenix indemnity (including those referable to the period following the effective date of the Part VII Scheme).

Extension of the strategic asset management partnership

At the time of the Business Sale, it was agreed that a price adjustment may be payable by PGH to abrdn if certain assets are withdrawn by a relevant PGH group company from management by the abrdn Group prior to 31 August 2028 (being the 10th anniversary of the date of completion of the Business Sale). In most cases, a price adjustment will not be payable if the relevant withdrawal is permitted under the relevant IMA. The price adjustment mechanism itself also provides for additional circumstances in which no price adjustment will be payable in respect of certain withdrawals.

As part of the simplification and extension of the strategic partnership with the Phoenix Group, the price adjustment mechanism was extended and will now operate until 2031.

Brand Transfer Agreement

The sale of the "Standard Life" brand (and certain associated rights and assets owned by the abrdn Group, including domain names) from the abrdn Group to the Phoenix Group (the "**Brand Transfer**") pursuant to a brand transfer agreement (the "**Brand Transfer Agreement**") completed on 18 May 2021 (the "**Brand Transfer Date**").

The Brand Transfer Agreement includes a perpetual prohibition on members of the abrdn Group using the "[STANDARD]" name and associated initialisms following the Brand Transfer Date (other than as permitted under the Run-Off Brand Licence Agreement (outlined below)). The Brand Transfer Agreement contains customary warranties given by ACSL and AIML in relation to the assets being transferred. Certain warranty claims are subject to financial limitations of liability, including an overall cap (excluding warranties in relation to ownership of the transferred trade marks and domain names, for which liability is uncapped). There is a de minimis claims threshold and an aggregate claims threshold for warranty claims.

The abrdn Group's aggregate liability in respect of any other breach of the Brand Transfer Agreement is also capped (subject to limited exceptions). In connection with the Brand Transfer Agreement customary provisions apportioning liability (under the Transfer of Undertakings (Protection of Employment) Regulations 2006) between the parties in respect of the transfer of certain employees from the abrdn Group to the Phoenix Group were agreed. The parties have also agreed customary cross-indemnities in respect of the transfer.

Run-Off Brand Licence Agreement

A member of the Phoenix Group has granted a limited, non-exclusive, royalty free run-off licence of the "Standard Life" marks (including initialisms and abbreviations of the "Standard Life" name), and related brand assets back to the relevant members of the abrdn Group for a transitional period on and from the Brand Transfer Date including while the abrdn Group transitions to its new brand identity. In particular, the abrdn Group is required to cease using the "Standard Life" marks (and related brand assets) by 31 December 2021, other than in respect of certain 'long-tail' licences which have varying long-stop dates by which use of the brand must cease. The abrdn Group is also required to cease using the "Aberdeen Standard" name (including initialisms and abbreviations) by 31 December 2022 or a relevant long-tail licence date. ACSL (as licensee under the Agreement) has given an uncapped indemnity in favour of the Phoenix Group in respect of certain losses incurred in respect of the abrdn Group's use of the licensed marks.

Co-ordination Deed

In connection with the Business Sale, ACSL and Standard Life Assets and Employee Services Limited (a Phoenix Group entity) entered into a transitional services agreement (the "**TSA**"). Certain members of the abrdn Group and certain members of the Phoenix Group entered into a co-ordination deed dated 23 February 2021 (the "**Co-ordination Deed**") pursuant to which the parties agreed a revised plan for the exit of the TSA services. The parties also agreed in the Co-ordination Deed to settle certain legacy matters which had arisen in respect of the TSA.

In accordance with the terms of the Co-ordination Deed, it is expected that ACSL and Standard Life Assets and Employee Services Limited will enter into a continuing services agreement in relation to the continuation of certain services provided by Standard Life Assets and Employee Services Limited under the TSA and the provision of certain other services by ACSL to the Phoenix Group.

PIPSA and ISRA

SLSL, ACSL and Standard Life Assurance Limited (a Phoenix Group entity) entered into a platform insured product services agreement which took effect from 18 May 2021 (the "**PIPSA**"). The PIPSA replaced an existing agreement and is intended to ensure appropriate run-off support in respect of certain Wrap Business products in advance of the completion of the Business Purchase.

Pursuant to the PIPSA, Standard Life Assurance Limited is required to manufacture and provide the in-scope products on the online dealing and registration platform provided by SLSL. Standard Life Assurance Limited is also required to provide certain ancillary and transitional services in respect of the in-scope products. SLSL has an exclusive right to carry out proposition design, development and marketing services in relation to the in-scope products, along with certain other ancillary services. The PIPSA also contains an agreement to collaborate with respect to certain customer and workplace products for a defined period such that these products will generally contain investment solutions provided by the abrdn Group (the "**Investment Solution Requirement**"). The aggregate liability under the PIPSA of the abrdn Group parties and Standard Life Assurance Limited is subject to a yearly cap. No consideration is payable by the parties under the PIPSA.

The PIPSA can be terminated on customarily limited terms. Absent such termination, the PIPSA will automatically terminate upon the effective date of the Part VII Scheme, following which the ISRA (defined below) will come into effect.

AIML and Standard Life Assurance Limited have entered into an investment solution requirement agreement (the "**ISRA**") which will replace the PIPSA upon the effective date of the Part VII Scheme. The parties' respective obligations under the ISRA relate only to the Investment Solution Requirement (such that the services provided in respect of the Wrap Business products are terminated). The aggregate liability of AIML and Standard Life Assurance Limited is subject to a cap.

SLIDAC Platform Agreement

With effect from 1 May 2021, members of the abrdn Group and the Phoenix Group amended two existing platform agreements relating to the provision of administrative and custodial services in respect of specified investment-linked life insurance contracts and a self-investment personal pension investment product provided on certain online dealing and registration platforms provided by the abrdn Group. The platform agreements can be terminated on customarily limited terms.

One of the platform agreements, between SLSL and SLIDAC (a Phoenix Group entity), (the "**SLIDAC Platform Agreement**") also relates to the development, marketing, distribution and administration, among other things, of certain offshore bond products (which are not in-scope products for the purposes of the PIPSA), including a wrap offshore bond (the "**Wrap Offshore Bond**"). Pursuant to the SLIDAC Platform Agreement, SLIDAC is required to provide the Wrap Offshore Bond on SLSL's online dealing and registration platform, and SLSL has an exclusive right to carry out marketing, distribution and other administrative services in relation to the Wrap Offshore Bond on the platform. The aggregate liability of SLSL and SLIDAC under the SLIDAC Platform Agreement is subject to a yearly cap (subject to limited exceptions).

(E) Investment management agreements with the Phoenix Group

Members of the abrdn Group have entered into investment management agreements pursuant to which they have been appointed to manage investment portfolios and/or assets on behalf of members of the Phoenix Group. The most material of these are:

(i) the investment management arrangements entered into between SLAL (as client) and AIML (as manager) at the time of the Business Sale, such arrangements currently comprising the IMA between SLAL and AIML amended and restated on 31 August 2018 and the IMA between SLAL and AIML dated 29 March 2019 (the "**SLAL IMAs**"); and

(ii) the investment management arrangements entered into between members of the Phoenix Group (as customer) and Ignis Investment (as manager) in connection with the Ignis Acquisition, such arrangements currently comprising the IMA between PLL and Ignis Investment dated 14 December 2017 and the IMA between PLAL and Ignis Investment dated 14 December 2017 (together, the "**Ignis Acquisition IMAs**").

In respect of the Ignis Acquisition IMAs and SLAL IMAs, the relevant member of the abrdn Group is entitled to receive a fee from the relevant Phoenix Group company, calculated and payable on a monthly basis depending on fund type and asset class, based on the asset value of the funds under management. Performance fees are payable to Ignis Investment under the Ignis Acquisition IMAs and performance fees are payable to AIML under the SLAL IMAs.

The SLAL IMAs

The SLAL IMAs may be terminated by either SLAL or AIML on not less than three years' notice in writing. Each of the SLAL IMAs may also be terminated by SLAL by notice in writing if, among other things: (i) AIML is insolvent or has entered into a scheme of arrangement or voluntary arrangement with any of its creditors, or an order has been made for the winding up or administration of AIML or a receiver or administrator is appointed over the whole of its undertakings; (ii) AIML ceases to be authorised and regulated by the FCA where such authorisation and regulation is required for AIML to continue in business as investment manager of the portfolio under the relevant IMA or where such cessation to be authorised or regulated results in material adverse publicity for AIML or SLAL; (iii) it is necessary to terminate the relevant IMA to comply with a court direction, instruction of the FCA or any other competent financial regulatory authority, the FCA rules or other applicable legal or regulatory requirement. In addition, SLAL may terminate each of the SLAL IMAs by notice in writing if AIML is in breach of the relevant SLAL IMA where such breach is persistent or of such magnitude or materiality that SLAL could not reasonably be expected to comply with the terms of the SLAL IMA and, where the breach is capable of remedy, it is not remedied within 30 days of written notice from SLAL specifying the breach.

SLAL may also withdraw assets from management by AIML under the SLAL IMAs in certain circumstances, including: (i) to comply with a court order or written direction of a governmental, supranational or regulatory body (including the FCA and the PRA); (ii) as required by or provided for under the terms and conditions of a product held by a customer of SLAL or as a result of a customer decision to realise the benefit of assets held in respect of a product; (iii) to satisfy the bona fide cash requirements of SLAL's corporate group; (iv) to effect a transfer pursuant to Part VII of the FSMA or a reinsurance arrangement; (v) in connection with originating and servicing equity release mortgage transactions, re-allocating the assets to invest in infrastructure debt, re-allocating the assets to invest in commercial real estate debt or for any other reason, in each case, up to certain specified values per annum; (vi) there is material underperformance in relation to certain assets against a relevant benchmark over a rolling three-year period; (vii) there is underperformance in relation to certain assets against a relevant benchmark over a rolling three-year period (subject to a cure period); (viii) where the withdrawal is determined by SLAL, acting reasonably and in good faith, to be required to protect the interests of relevant policyholders; or (ix) where AIML's appointment as the investment manager of an in-house fund is terminated.

AIML accepts responsibility for loss to SLAL as a result of the negligence, breach of the relevant SLAL IMA, breach of the duty of care relating to investment activities or inaccurate information concerning investment returns, wilful default or fraud of AIML or any of its delegates or that of its or their officers, employees or agents.

The Ignis Acquisition IMAs

The Ignis Acquisition IMAs may be terminated by either Ignis Investment or the relevant Phoenix Group Life Company on not less than three years' notice in writing. Each Ignis Acquisition IMA may also be terminated by the relevant Phoenix Group Life Company by notice in writing if, among other things: (i) Ignis Investment enters into an arrangement with its creditors, is unable to pay its debts as they become due, seeks, consents to or appoints a receiver, administrator, liquidator or trustee or analogous officer, presents or files for winding up or insolvency (or analogous proceedings); (ii) Ignis Investment ceases to hold any authorisation required to provide the services or fulfil its obligation or carry out its duties under the relevant Ignis Acquisition IMA; (iii) Ignis Investment is guilty of fraud or criminal conduct affecting a significant amount of the assets of the relevant Phoenix Group Life Company; (iv) a substantial proportion of the assets to be managed by Ignis

Investment being found by a court to include the proceeds of crime; or (v) breach of the relevant Ignis Acquisition IMA by Ignis Investment that is of such magnitude or materiality that the relevant Phoenix Group Life Company could not reasonably be expected to comply with the terms of the relevant Ignis Acquisition IMA. The relevant Phoenix Group Life Company may also terminate the relevant Ignis Acquisition IMA by notice in writing if Ignis Investment ceases to be a company within the corporate group comprising abrdn Investments (Holdings) Limited and any of its subsidiary undertakings from time to time.

Under the Ignis Acquisition IMAs the relevant Phoenix Group Life Company may also withdraw assets from management by the relevant member of the abrdn Group under each relevant Ignis Acquisition IMA in certain limited circumstances. These circumstances include: (i) to effect a transfer pursuant to Part VII of the FSMA or a reinsurance arrangement; (ii) to comply with a court order or written direction of a governmental, supranational or regulatory body (including the FCA and the PRA); (iii) as required by or provided for under the terms and conditions of a product held by a customer of the relevant Phoenix Group Life Company or as a result of a customer decision to realise the benefit of assets held in respect of a product; (iv) to satisfy the bona fide cash requirements of the PGH group; (v) there is material underperformance against a relevant benchmark on a rolling three-year period; (vi) there is underperformance against a relevant benchmark on a rolling three-year period, provided that the relevant Phoenix Group Life Company has not acted unreasonably in giving such notice (including giving Ignis Investment the opportunity to discuss the position with the relevant Phoenix Group Life Company and to propose a rectification plan); (vii) a key function termination right is triggered; or (viii) where Ignis Investment's appointment as the investment manager of an in-house fund is terminated.

Under each Ignis Acquisition IMA, Ignis Investment accepts responsibility for loss to the relevant Phoenix Group Life Company to the extent such loss is due to Ignis Investment's breach of the relevant Ignis Acquisition IMA, negligence, wilful default or fraud or that of any delegate (or its or their respective officers or employees).

(F) Interest in Heng An Standard Life Insurance Company Limited ("HASL")

TEDA and abrdn are party to a joint venture agreement dated 12 October 2009 (and as amended) (the "**HASL JV Agreement**") in relation to HASL. HASL engages in insurance business in Tianjin, China, and any other areas agreed between the parties.

abrdn and TEDA each has an equity holding of 50 per cent. of HASL.

The HASL JV Agreement is subject to certain termination rights, including upon a change of the ultimate control of TEDA or abrdn. Upon a change of control of abrdn, TEDA has the right to terminate the joint venture and to purchase, or nominate a third party to purchase, abrdn's shares in HASL. The price would be as mutually agreed between the parties or, in default of agreement, a fair and reasonable price as determined by an independent valuer. Control is defined by reference to the ownership of over 50 per cent. of the voting stock, registered capital or other interest of the relevant person, whether through the ownership of voting securities, contract or otherwise.

The HASL JV Agreement also sets out certain matters relating to the governance of HASL, deadlock matters, restrictions on transfers of shares in HASL and certain restrictive covenants.

(G) Subordinated Debt

abrdn is the issuer of the £500m 5.50 per cent. fixed rate subordinated notes due 2042 (the "**2012 Notes**"). The 2012 Notes were issued under abrdn's EUR 3,000,000,000 Euro Medium Term Note

Programme on 4 December 2012 and have a maturity date of 4 December 2042. abrdn has the option to redeem the 2012 Notes on 4 December 2022 and on any interest payment date thereafter, as well as upon the occurrence of certain special events. The 2012 Notes bear interest at a fixed rate of 5.50 per cent. per annum to, but excluding, 4 December 2022, and thereafter at a rate equal to the aggregate of 485 basis points and the five-year note generic bid yield for UK government bonds, with the rate resetting on 4 December 2022 and each fifth anniversary thereafter, as determined by the 2012 Notes' calculation agent. Interest on the 2012 Notes is payable semi-annually in arrears. Payments under the 2012 Notes are subject to the satisfaction of certain conditions, with payments being deferred if such conditions are not satisfied. Following completion of a tender process by abrdn in March 2019, £92m aggregate principal amount of the 2012 Notes remained outstanding as at 31 December 2020.

abrdn is the issuer of the $750m 4.25 per cent. fixed rate subordinated notes due 2028 (the "**2017 Notes**"). The 2017 Notes were issued on 18 October 2017. The terms of the 2017 Notes were amended on 15 November 2018 following completion of a consent solicitation exercise by abrdn. The following is a description of the terms of the 2017 Notes as amended. The 2017 Notes have a maturity date of 30 June 2028. The 2017 Notes bear interest at a fixed rate of 4.25 per cent. per annum, payable semi-annually in arrears. abrdn has the option to redeem the 2017 Notes at par prior to maturity upon the occurrence of certain special events, being certain tax events and capital disqualification events.

abrdn is the issuer of the £210m 5.25 per cent. fixed rate reset perpetual subordinated contingent convertible notes (the "**AT1 Notes**"). The AT1 Notes were issued on 13 December 2021 and are perpetual securities in respect of which there is no fixed maturity date. abrdn has the option to redeem the AT1 Notes at any time from, and including, 13 December 2026 to, and including, 13 June 2027, and on each fifth anniversary thereafter, as well as upon the occurrence of certain special events. The AT1 Notes bear interest at a fixed rate of 5.25 per cent. per annum to, but excluding, 13 June 2027, and thereafter at a rate equal to the aggregate of 4.709 per cent. and the five-year yield for UK government bonds, with the rate resetting on 13 June 2027 and each fifth anniversary thereafter, as determined by the AT1 Notes' calculation agent. Interest on the AT1 Notes is payable semi-annually in arrears, subject to voluntary cancellation (in whole or in part) at the discretion of abrdn at any time. Payments under the AT1 Notes are subject to the satisfaction of certain conditions, with payments of interest being cancelled if such conditions are not satisfied. The full outstanding principal amount of the AT1 Notes is subject to conversion into ordinary shares in the capital of abrdn (such shares being the "**Conversion Shares**") at a pre-determined conversion price if the IFPR CET1 Ratio is less than 70 per cent. abrdn is entitled to elect, subject to the right of the holders of AT1 Notes to opt out, to offer the Conversion Shares to some or all of the existing shareholders of abrdn for purchase at a price not lower than the then-prevailing market price.

(H) Revolving credit facility

On 12 February 2021, abrdn entered into a £400,000,000 sterling revolving credit facility with Bank of America Europe Designated Activity Company, Barclays Bank PLC, BNP Paribas, London Branch, Citibank, N.A., London Branch, Crédit Agricole Corporate and Investment Bank, Deutsche Bank Luxembourg S.A., Goldman Sachs International Bank, HSBC Bank plc, JPMorgan Chase Bank, N.A., London Branch, RBC Europe Limited and Societe Generale, London Branch. The facility has an original termination date of 12 February 2024, which may be subject to extension by agreement between abrdn and the lenders for two additional one-year periods. Amounts outstanding under the facility accrue interest at a floating rate which is subject to a margin ratchet determined according to the credit rating of abrdn and the performance of abrdn against certain environmental, social and governance key performance indicators, with the margin range being

0.275 per cent. per annum to 0.75 per cent per annum. The facility includes a financial covenant which requires that total borrowings (excluding subordinated debt) do not exceed 30 per cent. of total capital on any testing date (being 30 June and 31 December in each year), in each case calculated on a consolidated basis. Under the terms of the facility, the consent of the majority lenders was required to be obtained prior to Completion in respect of the Acquisition. The requisite consent was obtained by abrdn in December 2021. As at the Latest Practicable Date, no amounts are outstanding under the facility.

10.2 Target Group

No contracts have been entered into (other than contracts entered into in the ordinary course of business): (i) within the two years immediately preceding the date of this Circular and which are, or may be, material to the Target Group; or (ii) that contain any provision under which any member of the Target Group has any obligation or entitlement which is, or may be, material to the Target Group as at the Latest Practicable Date, save as disclosed below:

(A) Share Purchase Agreement

abrdn, Antler and the Sellers entered into the Share Purchase Agreement on 2 December 2021, which is summarised in paragraph 1 of Part IV (*Principal Terms and Conditions of the Acquisition*) of this Circular.

(B) Discount Notes

On 2 June 2017, Antler issued £44,921,482 of secured discount notes. The terms of the notes were amended on 11 October 2021, following which amendment the notes became unsecured obligations of Antler. The notes are perpetual instruments with no fixed maturity date. Amounts outstanding under the notes bear interest at a fixed rate of 6.5 per cent. per annum, payable quarterly in arrears. Antler may elect to defer payment of any interest amount on any interest payment date by notice to the noteholders. On redemption of the notes, in addition to repayment of the principal amount of the notes, a premium is payable to noteholders which, as at the Latest Practicable Date, amounts to £13,691,111.50 in aggregate. Completion will constitute a mandatory redemption event under the terms of the notes, upon the occurrence of which Antler will be required to redeem the notes in full (together with accrued interest and premium).

(C) UBS KeyTrader Basic Agreement

IISL is party to a KeyTrader Basic Agreement with UBS Switzerland AG, such agreement becoming effective on 14 September 2020. The agreement is governed by Swiss law and sets out the conditions of the Target Group's access to UBS's trading systems, the Target Group's use of UBS's trading systems, the execution by UBS of the orders transmitted by the Target Group, as well as the rendering by UBS of associated custody services for certain products offered by UBS, in each case in exchange for payment by the Target Group to UBS of pre-agreed fees.

(D) CREST Settlement Bank Facility

Pursuant to a facility letter dated 13 March 2020, National Westminster Bank Plc has made available to IISL a £40,000,000 unsecured CREST settlement bank facility, in exchange for payment by the Target Group to National Westminster Bank Plc of certain pre-agreed administrative fees. The facility does not have a fixed termination date and is terminable on notice by either party, although the bank may terminate without notice where it is not practicable or appropriate to provide such notice. The facility letter, and the terms and conditions incorporated therein, contain customary negative pledge restrictions on the Target Group, as well as an on demand indemnity in favour of National Westminster Bank Plc (subject to customary exclusions) in respect of any liabilities suffered or incurred by it in connection with the fulfilment of its obligations in respect of the facility. The facility is drawn by way of intra-day settlement financing and therefore is subject to a fluctuating balance depending on daily trading volumes, subject in all cases to a debit cap of £40,000,000.

(E) ISDA 2002 Master Agreement

On 2 June 2017, IISL entered into an ISDA 2002 Master Agreement (and schedule thereto) with The Toronto-Dominion Bank, a chartered bank under the laws of Canada. The agreement is governed by English law and contains customary undertakings and representations given by both parties as the basis for the transactions documented thereunder.

(F) Antler Shareholders' Agreement

On 22 May 2019, an amended and restated shareholders' agreement was entered into by and between: (i) Antler; (ii) interactive investor; (iii) the J.C. Flowers Fund; (iv) certain minority investors in Antler and interactive investor; and (v) certain managers of the Target Group (the "**Antler Shareholders' Agreement**").

The Antler Shareholders' Agreement regulates the relationship between the parties thereto in relation to the ongoing management of the Target Group. It also sets out the parties intentions in relation to an exit, including an obligation to keep each other informed of any approach by a potential third party purchaser and, in the case of the minority investors and the managers, to co-operate and assist with any potential transaction if so reasonably requested by the J.C. Flowers Fund. The Antler Shareholders' Agreement will automatically terminate on Completion (save in respect of certain boilerplate clauses and clauses which are no longer of material significance).

(G) Acquisition of business assets from the Equiniti Group

On 5 March 2021, IISL entered into business sale agreements with Equiniti Financial Services Limited and Equiniti Limited (together, "**EQi**") relating to amongst other things, (a) the transfer of the D2C business of EQi (the "**EQi Core BSA**") and (b) the transfer of certain lifetime ISAs and child trust fund accounts operated by EQi (the "**EQi Non-core BSA**") (together, the "**EQi BSAs**").

The migration of customers pursuant to the EQi Core BSA has completed. The consideration payable by IISL consisted of an initial amount of £47,250,000 payable on the core migration completion date (which occurred on 28 June 2021) and a *de minimis* amount of additional consideration of £16,340 was settled in December 2021.

The migration of customers pursuant to the EQi Non-core BSA is yet to complete and the parties are currently in discussions regarding the termination of this arrangement.

IISL has given customary warranties and indemnities under the EQi BSAs.

(H) Alliance Trust Savings Limited disposal

On 1 November 2019, Alliance Trust Savings Limited ("**ATS**") (a member of the Target Group), interactive investor and Embark Investment Services Limited ("**EIS**") entered into an agreement pursuant to which ATS disposed of, amongst other things, its advised business and partnership business (the "**EIS APA**"). Completion of the migration of ATS's advised business from the ATS platform to the EIS platform occurred on 23 November 2020 and completion of the migration of ATS's partnership business to the EIS platform subsequently occurred on 25 January 2021. The total consideration payable by EIS under the EIS APA was £11,500,000, of which no amounts are outstanding.

ATS gave certain warranties and indemnities under the EIS APA and EIS may only bring claims in respect of the following:

(i) ATS's fundamental warranties and tax warranties, provided that written notice of the claims is provided to ATS before 1 November 2026. There is a cap on the aggregate liability of ATS and IIL in respect of all warranty claims; and

(ii) the indemnities given by ATS under the EIS APA, and as is customary on an asset sale, these indemnities are uncapped and not subject to a limitation in time.

interactive investor has also guaranteed the performance of ATS's obligations (including financial obligations) under the EIS APA.

(I) The Share Centre Limited disposal

On 10 December 2020, The Share Centre Limited ("**TSC**"), IISL and Family Equity Plan Limited ("**FEP**") entered into an agreement pursuant to which TSC disposed of, amongst other things, its stakeholder child trust fund business (the "**FEP APA**"). Completion of the migration of TSC's stakeholder child trust fund business occurred on 8 May 2021. The aggregate consideration of £1,875,000 has been paid by FEP, and no amounts payable are outstanding.

Under the FEP APA, TSC gave a customary set of warranties in favour of FEP, subject to: (a) a maximum cap on the aggregate liability of TSC in respect of all warranty claims (which is 50 per cent. of the purchase price, other than in relation to claims in respect of fundamental warranties, for which the maximum liability of TSC will not exceed the purchase price); and (b) notification of a claim must be given by FEP to TSC by 8 May 2022. TSC also agreed to indemnify FEP in respect of: (i) liabilities relating to the transferring assets referable to the period pre-completion; and (ii) certain matters related to the Transfer of Undertakings (Protection of Employment) Regulations 2006. As is relatively customary on an asset sale, these indemnities are uncapped and not subject to any limitation in time.

The FEP APA contains a restrictive covenant providing that TSC must not promote any products to clients which have transferred which would normally be promoted on child trust fund account maturity, unless such client becomes a client of another member of its group. This restrictive covenant extends to Share Limited (a member of the Target Group) and its subsidiaries (direct and indirect).

IISL has guaranteed the performance of TSC's obligations (including financial obligations) under the FEP APA.

11. Related party transactions

Save as set out in the information incorporated by reference referred to below, there were no material related party transactions entered into by the abrdn Group during the financial years ended 31 December 2018, 2019 and 2020, and during the period up to the date of this Circular:

(A) Notes 4.2(b)(iii) and 4.20 of the notes to the audited consolidated financial statements, which can be found at pages 32 and 52, respectively, of the abrdn 2021 Half Year Results, which are incorporated by reference into this Circular as set out in paragraph 16 of this Part VIII (*Additional Information*) and available for inspection as set out in paragraph 15 of this Part VIII (*Additional Information*);

(B) Notes 45 and Q of the notes to the audited consolidated financial statements, which can be found at pages 194 and 221, respectively, of the abrdn 2020 Annual Report, which are incorporated by reference into this Circular as set out in paragraph 16 of this Part VIII (*Additional Information*) and available for inspection as set out in paragraph 15 of this Part VIII (*Additional Information*);

(C) Notes 45 and R of the notes to the audited consolidated financial statements, which can be found at page 218 and 242, respectively, of the abrdn 2019 Annual Report, which are incorporated by reference into this Circular as set out in paragraph 16 of this Part VIII (*Additional Information*) and available for inspection as set out in paragraph 15 of this Part VIII (*Additional Information*); and

(D) Note 46 and R of the notes to the audited consolidated financial statements, which can be found at page 215 and 236, respectively, of the abrdn 2018 Annual Report, which are incorporated by reference into this Circular as set out in paragraph 16 of this Part VIII (*Additional Information*) and available for inspection as set out in paragraph 15 of this Part VIII (*Additional Information*).

12. Working capital

In the opinion of abrdn, the working capital available to the Enlarged Group is sufficient for its present requirements, that is for at least the next 12 months following the date of this Circular.

13. No significant change

13.1 abrdn Group

There has been no significant change in the financial position or financial performance of the abrdn Group since 30 June 2021, being the date of the last financial period for which financial information has been published.

13.2 Target Group

There has been no significant change in the financial position or financial performance of the Target Group since 31 December 2020, being the date to which the financial information on the Target Group, presented in Part V (*Historical Financial Information relating to the Target Group*), has been published.

14. Consents

J.P. Morgan Cazenove, who has acted as sponsor and financial adviser to abrdn in connection with the Acquisition and whose registered address is at 25 Bank Street, Canary Wharf, London E14 5JP, has given and has not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which it appears.

KPMG LLP, a member firm of the Institute of Chartered Accountants in England and Wales, who has acted as auditor and reporting accountant to abrdn and whose address is at 15 Canada Square, Canary Wharf, London E14 5GL, has given, and not withdrawn, its written consent to the inclusion of its accountant's report on the historical financial information in Part V (*Historical Financial Information relating to the Target Group*) and its report on the unaudited pro forma financial information in Part VI (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*), in the form and context in which they appear.

15. Documents available for inspection

Copies of the following documents are available for inspection during normal business hours on any Business Day for a period beginning on the date of this Circular and ending on the date of Completion at abrdn's registered office at 1 George Street, Edinburgh, United Kingdom, EH2 2LL and at the offices of abrdn's legal advisers, Slaughter and May, at One Bunhill Row, London EC1Y 8YY and (save for the Share Purchase Agreement) on abrdn's website at www.abrdn.com:

(A) the abrdn Articles;

(B) this Circular;

(C) the Announcement;

(D) the Share Purchase Agreement;

(E) the abrdn 2018 Annual Report, abrdn 2019 Annual Report, abrdn 2020 Annual Report and abrdn 2021 Half Year Results;

(F) the report of KPMG LLP set out in Part V (*Historical Financial Information relating to the Target Group*);

(G) the report of KPMG LLP set out in Part VI (*Unaudited Pro Forma Financial Information relating to the Enlarged Group*); and

(H) the consent letters of J.P. Morgan Cazenove and KPMG LLP referred to in paragraph 14 above.

16. Information incorporated by reference

Information from the following documents has been incorporated into this Circular by reference:

Documents containing information incorporated by reference	**Section in which the document is referred to**	**Where the document can be accessed by Shareholders**
abrdn 2021 Half Year Results	Part VIII (*Additional Information*), section 11	www.abrdn.com/corporate/investors/financial-library-and-results/half-year-results
abrdn 2020 Annual Report	Part VIII (*Additional Information*), sections 5 and 11	www.abrdn.com/corporate/investors/financial-library-and-results/annual-report-and-accounts
abrdn 2019 Annual Report	Part VIII (*Additional Information*), sections 5 and 11	www.abrdn.com/corporate/investors/financial-library-and-results
abrdn 2018 Annual Report	Part VIII (*Additional Information*), section 11	www.abrdn.com/corporate/investors/financial-library-and-results

A copy of each of the documents listed is available for inspection in accordance with paragraph 15 above.

The relevant sections of the documents incorporated by reference into this Circular (listed above) have been incorporated in compliance with Listing Rule 13.1.6R. Only the information set out above is incorporated by reference in this Circular, and is available as indicated. Except as set out above, no other portions of these documents are relevant to Shareholders for the purpose of voting on the Resolution and they are not incorporated by reference into this Circular.

9 February 2022

PART IX
DEFINITIONS

The following terms have the following meanings in this Circular:

"2012 Notes"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;
"2017 Notes"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;
"abrdn" or **"Company"**	means abrdn plc, incorporated in Scotland with registered number SC286832 (being as at the date of this Circular the holding company of the abrdn Group);
"abrdn Articles"	means the current articles of association of abrdn or, where the context so requires, the articles of association of abrdn from time to time;
"abrdn Board"	means the abrdn Directors collectively;
"abrdn Conditions"	means the FCA Condition, the Shareholder Approval Condition or the CMA Condition;
"abrdn Directors"	means the directors of abrdn as at the date of this Circular, whose names appear in paragraph 3 of Part VIII (*Additional Information*);
"abrdn Group"	means abrdn and its subsidiaries and its subsidiary undertakings from time to time and **"member of the abrdn Group"** shall be construed accordingly;
"abrdn Legacy Business"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;
"abrdn Share Account"	means the service known as the "abrdn Share Account" provided by Equiniti Limited for the purposes of holding shares in abrdn on behalf of members of the abrdn Share Account;
"abrdn Shares"	means the ordinary shares in the capital of abrdn;
"abrdn 2018 Annual Report"	means the annual report and accounts of abrdn (then known as Standard Life Aberdeen) for the financial year ended 31 December 2018 (which includes the abrdn Group's audited historical consolidated financial statements for the year ended 31 December 2018);
"abrdn 2019 Annual Report"	means the annual report and accounts of abrdn (then known as Standard Life Aberdeen) for the financial year ended 31 December 2019 (which includes the abrdn Group's audited historical consolidated financial statements for the year ended 31 December 2019);

"abrdn 2020 Annual Report"	means the annual report and accounts of abrdn (then known as Standard Life Aberdeen) for the financial year ended 31 December 2020 (which includes the abrdn Group's audited historical consolidated financial statements for the year ended 31 December 2020);
"abrdn 2021 Half Year Results"	means the half year results for the six months ended 30 June 2021 (which includes the abrdn Group's audited historical consolidated financial statements for the six months ended 30 June 2021);
"ACSL"	means Aberdeen Corporate Services Limited, incorporated in Scotland with registered number SC271355 (being as at the date of this Circular a member of the abrdn Group);
"Acquisition"	means the proposed acquisition of the Target Group on the terms and subject to the conditions set out in the Share Purchase Agreement;
"AIML"	means abrdn Investment Management Limited, incorporated in Scotland with registered number SC123321 (being as at the date of this Circular a member of the abrdn Group);
"Announcement"	means the announcement made by abrdn on 2 December 2021 in relation to the Acquisition;
"Antler" or **"Target"**	means Antler Holdco Limited, a company registered in Guernsey with registered number GG62485 (being as at the date of this Circular the holding company of the Target Group);
"Antler Shareholders' Agreement"	has the meaning given to such term in paragraph 10.2 of Part VIII (*Additional Information*) of this Circular;
"ATS"	means Alliance Trust Savings Limited, incorporated in Scotland with registered number SC098767 (being as at the date of this Circular a member of the Target Group);
"AT1 Notes"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;
"AUA"	means assets under administration;
"AUMA"	means assets under management and administration and advice;
"Brand Transfer"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;
"Brand Transfer Agreement"	means the brand transfer agreement entered into on the Brand Transfer Date between ACSL and AIML and Standard Life Assets and Employee Services Limited;

"Brand Transfer Date"	means 18 May 2021;
"Business Day"	means a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London and Edinburgh other than solely for trading and settlement in euro;
"Business Purchase"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;
"Business Sale"	means the sale of the abrdn Group's UK and European insurance business to the Phoenix Group, which completed on 31 August 2018;
"CAGR"	means compound annual growth rate;
"CET1 Capital"	means, at any time, the sum, expressed in pounds sterling, of all amounts that constitute Common Equity Tier 1 Capital as at such date, after any deductions from Common Equity Tier 1 Capital of the abrdn Group as at such date in each case as calculated on a consolidated basis;
"Circular"	means this document dated 9 February 2022, being a circular sent by abrdn to Shareholders summarising the background to and the reasons for the Acquisition, which includes the Notice of General Meeting and the information incorporated by reference into it (together with any supplements or amendments thereto);
"CMA"	means the Competition and Markets Authority;
"CMA Condition"	means (i) the CMA having confirmed that it does not have any further questions or require any further information regarding the Acquisition; or (ii) the CMA having opened a Phase 1 investigation into the Acquisition and having confirmed that the Acquisition will not be subject to a Phase 2 reference;
"Common Equity Tier 1 Capital"	means Common Equity Tier 1 Capital, within the meaning of the relevant rules;
"Companies Act"	means the UK Companies Act 2006 (as amended from time to time);
"Completion"	means the completion of the Acquisition pursuant to the Share Purchase Agreement;
"Conditions"	means (i) the Shareholder Approval Condition; (ii) the FCA Condition; (iii) the CMA Condition; and (iv) the MAC Condition;
"Conversion Shares"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;
"Co-ordination Deed"	means the co-ordination deed dated 23 February 2021 entered into between certain members of the abrdn Group and certain members of the Phoenix Group;

"CREST"	means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
"CREST Manual"	means the CREST manual issued by Euroclear;
"CREST Proxy Instruction"	means the instruction whereby a CREST member sends a CREST message appointing a proxy for the General Meeting and instructing the proxy how to vote and containing the information set out in the CREST Manual;
"CREST Regulations"	means the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended and for the time being in force;
"Discount Notes"	means the outstanding discount notes that Antler has issued;
"Disclosure Guidance and Transparency Rules" or **"DTRs"**	means the disclosure guidance and transparency rules made by the FCA pursuant to Part VI of the FSMA (as amended from time to time);
"EIS APA"	has the meaning given to such term in paragraph 10.2 of Part VIII (*Additional Information*) of this Circular;
"EIS"	means Embark Investment Services Limited, incorporated in England and Wales with registered number 09955930;
"Enlarged Group"	means the abrdn Group including the Target Group after Completion;
"EQi"	has the meaning given to such term in paragraph 10.2 of Part VIII (*Additional Information*) of this Circular;
"EQi Core BSA"	has the meaning given to such term in paragraph 10.2 of Part VIII (*Additional Information*) of this Circular;
"EQi Non-Core BSA"	has the meaning given to such term in paragraph 10.2 of Part VIII (*Additional Information*) of this Circular;
"EQi BSAs"	has the meaning given to such term in paragraph 10.2 of Part VIII (*Additional Information*) of this Circular;
"EU"	means the European Union;
"Euroclear"	means Euroclear UK & Ireland Limited;
"Exceptional Items"	means items of income or expenditure that are significant in size and which are not expected to repeat over the short to medium term;
"Excess Insurers"	has the meaning given to such term in paragraph 3.2 of Part IV (*Principal Terms and Conditions of the Acquisition*) of this Circular;

"Excess Policies" means the series of excess warranty and indemnity insurance policies entered into by abrdn as the named insured in connection with the Acquisition, as more particularly described in paragraph 3.2 of Part IV (*Principal Terms and Conditions of the Acquisition*) of this Circular;

"FCA" means the Financial Conduct Authority;

"FCA Condition" means (i) the approval by the FCA of the change of control of certain regulated entities within the Target Group (provided that, if the approval is subject to any conditions, such conditions are acceptable to abrdn acting reasonably and any such conditions that are required to be satisfied before Completion have been satisfied); or (ii) the assessment period for the FCA's review of the change of control application having elapsed without the FCA having given notice to approve the Acquisition (either conditionally or unconditionally) or to object to the Acquisition;

"FEP" means Family Equity Plan Limited, incorporated in England and Wales with registered number 02208249;

"FEP APA" has the meaning given to such term in paragraph 10.2 of Part VIII (*Additional Information*) of this Circular;

"finimize" means Finimize Limited, incorporated in England and Wales with registered number 10328011 (being as at the date of this Circular a member of the abrdn Group);

"FSMA" means the Financial Services and Markets Act 2000 (as amended, modified, re-enacted or replaced from time to time);

"General Meeting" means the general meeting of abrdn to be convened in connection with the Acquisition, and by the Notice of General Meeting at the end of this Circular (including any adjournment thereof);

"HASL" means Heng An Standard Life Insurance Company Limited;

"HASL JV Agreement" has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;

"IFPR" means the Investment Firms Prudential Regime;

"IFPR Capital Requirement" means, at any time, an amount equal to D, expressed in pounds sterling, being the own funds requirement of the abrdn Group, as (i) determined in accordance with MIFIDPRU Sourcebook 4.3 and any rules which implement MIFIDPRU Sourcebook 4.3 (or any successor thereto) and (ii) applicable to abrdn on the basis of its consolidated situation in accordance with MIFIDPRU Sourcebook 2.5.7R (or any successor provision thereto to the extent applicable to the abrdn), where "D" is defined as the highest of the amounts calculated pursuant to paragraphs (1) to (3) of MIFIDPRU Sourcebook 4.3.2R;

"IFPR CET1 Ratio"	means the ratio of CET1 Capital, as at such date, to the IFPR Capital Requirement, as at the same date, expressed as a percentage;
"IFRS"	means International Financial Reporting Standards as adopted by the United Kingdom;
"Ignis Acquisition"	means the purchase by the abrdn Group of Ignis Asset Management Limited from a subsidiary of PGH, which completed on 1 July 2014;
"Ignis Acquisition IMAs"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;
"Ignis Investment"	means Ignis Investment Services Limited, incorporated in Scotland with registered number SC101825 (being as at the date of this Circular a member of the abrdn Group);
"ii Shareholders"	has the meaning given to such term in paragraph 1.3 of Part III (*Risk Factors*) of this Circular;
"IISL"	means Interactive Investor Services Limited, incorporated in England and Wales with registered number 02101863 (being as at the date of this Circular a member of the Target Group);
"IMA"	means investment management agreement;
"Implementation Agreement"	means the implementation agreement entered into on 14 September 2021 between certain members of the abrdn Group and certain members of the Phoenix Group;
"Insurers"	has the meaning given to such term in paragraph 3.1 of Part IV (*Principal Terms and Conditions of the Acquisition*) of this Circular;
"interactive investor"	means interactive investor Limited, incorporated in England and Wales with registered number 04752535 (being as at the date of this Circular a member of the Target Group);
"Investment Firm Group"	has the meaning given to that term in FCA rules as they apply for the purposes of section 2.5 of the MiFIDPRU Sourcebook;
"Investment Solution Requirement"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;
"ISRA"	means the investment solution requirement agreement between AIML and Standard Life Assurance Limited which will take effect on the effective date of the Part VII Scheme;
"J.C. Flowers Fund"	means J.C. Flowers IV L.P.;
"J.P. Morgan Cazenove"	means J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) of 25 Bank Street, Canary Wharf, London E14 5JP;

"Latest Practicable Date"	means 7 February 2022, being the latest practicable date before the publication of this Circular;
"Listing Rules"	means the listing rules made by the FCA pursuant to Part VI of the FSMA (as amended from time to time);
"London Stock Exchange"	means the London Stock Exchange plc or any recognised investment exchange for the purposes of the FSMA that may take over the functions of the London Stock Exchange plc;
"Longstop Date"	means 31 August 2022 or any such later date as may be agreed in writing by the J.C. Flowers Fund and abrdn prior to the expiry of such date (or any such extended Longstop Date);
"MAC Condition"	means no Material Adverse Change having occurred in respect of the Target Group between the date of the Share Purchase Agreement and Completion;
"Management Sellers"	means Richard Wilson, Barry Bicknell, John Tumilty and Gary Shaw;
"Management Warranty Deed"	means the management warranty deed entered into between abrdn and the Management Warrantors on 2 December 2021;
"Management Warrantors"	means Richard Wilson, Barry Bicknell, John Tumilty, Gary Shaw, Chris Horner and Libby Jones;
"Market Abuse Regulation"	means Regulation (EU) No 596/2014 of the European Parliament and of the Council as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018;
"Material Adverse Change"	means: (i) the number of customers of the Target Group at any time between the date of the Share Purchase Agreement and Completion falls below 90 per cent. of the number of customers as at 30 September 2021; or (ii) any FCA permission that is required for the operation of the business of the Target Group has been revoked, withdrawn, terminated or not renewed by the FCA;
"MIFIDPRU Sourcebook"	means the Prudential sourcebook for MIFID investment firms;
"MMC"	means, collectively, MMC GP Scale-Up I LLP, MMC Scale-Up Fund 2019 LP and Mainspring Nominees (2) Limited;
"Notice" or **"Notice of General Meeting"**	means the notice of General Meeting (together with the accompanying notes) set out at the end of this Circular;
"Part VII Scheme"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;
"PGH"	means Phoenix Group Holdings, incorporated as an exempted company with limited liability under the laws of the Cayman Islands with registered number 202172;

"Phoenix"	means Phoenix Group Holdings plc, incorporated in England and Wales with registered number 11606773 (being as at the date of this Circular the holding company of the Phoenix Group);
"Phoenix Group"	means Phoenix and its subsidiaries and its subsidiary undertakings from time to time and "**member of the Phoenix Group**" shall be construed accordingly;
"Phoenix Group Life Company"	means PLL and PLAL (being as at the date of this Circular each a member of the Phoenix Group);
"PIPSA"	means the platform insured product services agreement entered into between SLSL, ACSL and Standard Life Assurance Limited as amended and restated on 14 September 2021 with effect from 18 May 2021;
"PLL"	means Phoenix Life Limited, incorporated in England and Wales with registered number 01016269 (being as at the date of this Circular a member of the Phoenix Group);
"PLAL"	means Phoenix Life Assurance Limited, incorporated in England and Wales with registered number 00001419 (being as at the date of this Circular a member of the Phoenix Group);
"Postponed Longstop Date"	has the meaning given to such term in paragraph 7 of Part II (*Questions and Answers relating to the Acquisition*) of this Circular;
"PRA"	means the Prudential Regulation Authority;
"Proxymity"	means Proxymity Limited, incorporated in England and Wales with registered number 12569600;
"Proxymity Proxy Instruction"	means the instruction whereby an institutional investor uses the Proxymity platform to make a proxy appointment for the General Meeting and instructing the proxy how to vote in accordance with Proxymity's associated terms and conditions;
"Registrar"	means Equiniti Limited, incorporated in England with registered number 06226088;
"Regulatory Capital Requirement"	means the minimum regulatory capital requirement (including any binding capital buffers or mandatory capital guidance), calculated on the basis of the group consolidated situation, that applies to and is required to be maintained by the Investment Firm Group of which IISL forms part;
"Reinvestment Agreement"	means the reinvestment agreement between abrdn and Richard Wilson dated 2 December 2021;

"Related Parties"	means, in respect of Gavin Oldham, Mr Gavin Oldham No2 Trust, Mr Gavin Oldham No3 Trust, Mr Gavin Oldham No4 Trust and Virginia Oldham;
"Resolution"	means the ordinary resolution as set out in the Notice of General Meeting at the end of this Circular;
"Restricted Jurisdiction"	means any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to Shareholders in that jurisdiction;
"Run-Off Brand Licence Agreement"	means the agreement entered into on the Brand Transfer Date pursuant to which a non-exclusive, royalty-free run-off licence is granted by Standard Life Assets and Employee Services Limited to ACSL from the Brand Transfer Date to allow the abrdn Group (and any relevant third parties) to use, as necessary, the "Standard Life" brand until the completion of the abrdn Group's rebranding;
"Sellers"	has the meaning given to such term in paragraph 3 of Part I (*Letter from the Chairman*) of this Circular;
"Shareholder Approval Condition"	means the approval of the Acquisition by Shareholders at the General Meeting;
"Shareholders"	means holders of abrdn Shares from time to time (including members who hold such shares through the abrdn Share Account) (any such holder being a "**Shareholder**");
"Share Purchase Agreement"	means the sale and purchase agreement dated 2 December 2021, between the Sellers, abrdn and Antler in relation to the Acquisition;
"SLAL IMAs"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;
"SLIDAC Platform Agreement"	means the platform agreement between SLSL and SLIDAC;
"SLSL"	means Standard Life Savings Limited, incorporated in Scotland with registered number SC180203 (being as at the date of this Circular a member of the abrdn Group);
"Standard Life Assets and Employee Services Limited"	means Standard Life Assets and Employee Services Limited, incorporated in Scotland with registered number SC593510 (being as at the date of this Circular a member of the Phoenix Group);
"Standard Life Assurance Limited" or **"SLAL"**	means Standard Life Assurance Limited, incorporated in Scotland with registered number SC286833 (being as at the date of this Circular a member of the Phoenix Group);

"Standard Life International DAC" or **"SLIDAC"**	means Standard Life International DAC, registered in Ireland under company number 408507 (being as at the date of this Circular a member of the Phoenix Group);
"subsidiary" and "subsidiary undertaking"	have the meanings given to them in sections 1159 and 1162 (respectively) of the Companies Act 2006;
"Target Group"	means Antler, interactive investor and its subsidiary undertakings from time to time and "**member of the Target Group**" shall be construed accordingly;
"TEDA"	means Tianjin TEDA International Holding (Group) Co., Limited;
"TIP Business"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;
"TSA"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;
"TSC"	means The Share Centre Limited, incorporated in England and Wales with registered number 02461949 (being as at the date of this Circular a member of the Target Group);
"UK" or "United Kingdom"	means the United Kingdom of Great Britain and Northern Ireland;
"UK GDPR"	means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 (General Data Protection Regulation);
"Underwriting Representative"	means Euclid Transactional UK Limited;
"Voting Form"	means the voting form (whether electronic or in hard copy) for use by: (i) Shareholders (other than members of the abrdn Share Account); or (ii) members of the abrdn Share Account, in connection with the General Meeting;
"Wrap Business"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;
"Wrap Offshore Bond"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;
"Wrap SIPP Business"	has the meaning given to such term in paragraph 10.1 of Part VIII (*Additional Information*) of this Circular;

"W&I Policy"	means the warranty and indemnity insurance policy entered into by abrdn as the named insured and Euclid Transactional UK Limited as underwriting representative on 2 December 2021; and
"W&I Retention"	has the meaning given to such term in paragraph 3.1 of Part IV (*Principal Terms and Conditions of the Acquisition*) of this Circular.

PART X
NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the shareholders of abrdn plc (the "**Company**") will be held at etc.venues St Paul's, 200 Aldersgate, London, EC1A 4HD on 15 March 2022 at 2 p.m. for the purpose of considering and, if thought fit, passing the resolution set out below. Words and expressions defined in the circular of the Company dated 9 February 2022 (the "**Circular**") of which this notice convening the General Meeting forms part (the "**Notice**") shall, unless otherwise defined herein, have the same meaning in this Notice.

The Resolution is proposed as an ordinary resolution.

Resolution

THAT the proposed acquisition of the interactive investor group of companies (the "**Acquisition**") as described in the Circular on the terms and subject to the conditions of a sale and purchase agreement dated 2 December 2021 between the Company, the J.C. Flowers Fund, MMC, the Management Sellers and other investors and various other related documents is hereby approved for the purposes of Chapter 10 of the Listing Rules of the Financial Conduct Authority and that each and any of the directors and the secretary of the Company (or a duly authorised committee of the directors) are hereby authorised to: (i) do all such acts and things and execute all such agreements and make such arrangements as they may consider to be necessary, desirable or appropriate to complete, implement and to give effect to, or otherwise in connection with, the Acquisition and any matters incidental to the Acquisition; and (ii) conclude and implement the Acquisition in accordance with such terms and conditions and to make such amendments, modifications, variations, waivers and extensions of any of the terms of the Acquisition as the directors or any such committee may deem necessary, expedient or appropriate (provided such amendments, modifications, variations, waivers and extensions are not of a material nature) and to any documents and arrangements connected with the Acquisition as they may in their absolute discretion think necessary or desirable.

Shareholder Notes

1. To be entitled to attend and vote at the General Meeting (and for the purpose of determination by the Company of the votes they may cast), shareholders and abrdn Share Account members must be on the abrdn register or abrdn Share Account register at 6 p.m. on 11 March 2022 or, if the General Meeting is adjourned, at 6 p.m. on the date which is two days (excluding any part of a day that is a non-Business Day) before the time of the adjourned meeting. Changes to the abrdn register or the register for the abrdn Share Account after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

2. Shareholders or abrdn Share Account members may appoint another person (a "**proxy**") to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A shareholder or abrdn Share Account member may appoint more than one proxy in relation to the General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder or abrdn Share Account member. A proxy does not need to be a shareholder in the Company.

3. A Voting Form which may be completed either online or in paper form, and which may be used to make a proxy appointment and give voting instructions, has been provided to you along with this Notice. If you have lost or for any reason have not received a Voting Form, you can vote electronically through www.abrdnshares.com or contact us to request a replacement Voting Form using the contact details provided on page 10 of the Circular. Whether or not you intend to attend the General Meeting in person, please submit a Voting Form electronically through www.abrdnshares.com or complete, sign and return a hard copy Voting Form in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Registrar no later than 6 p.m. on 11 March 2022 or, if the General Meeting is adjourned, at the time that is 48 hours (excluding any part of a day that is a non-Business Day) before the time of the adjourned meeting.

4. In order for such appointment to be made and/or instructions given using the CREST electronic proxy appointment service, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. To be valid, a CREST Proxy Instruction must be received by Equiniti Limited (under CREST participant ID RA19) by no later than 6 p.m. on 11 March 2022 or, if the General Meeting is adjourned, at the time that is 48 hours (excluding any part of a day that is a non-Business Day) before the time of the adjourned meeting. The time of receipt will be taken to be the time from which the Registrar is able to receive the message by enquiry to CREST in the manner prescribed by CREST.

5. If you are an institutional investor you may be able to appoint a proxy electronically for the General Meeting, or any adjournment thereof, via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. In order to be considered valid your proxy instruction must be lodged by 6 p.m. on 11 March 2022 or, if the General Meeting is adjourned, at the time that is 48 hours (excluding any part of a day that is a non-Business Day) before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

6. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement

between such Nominated Person and the shareholder by whom such Nominated Person was nominated, have a right to be appointed (or to have someone else appointed) as a proxy of such shareholder for the General Meeting. A Nominated Person who has no, or does not wish to exercise, such proxy appointment right may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

7. Nominated Persons may have a right to be appointed (or have someone else appointed) as a proxy in the circumstances set out in note 6. The statement of the rights of shareholders in relation to the appointment of proxies in note 2 above does not apply to Nominated Persons.

8. On 7 February 2022 (being the latest practicable Business Day before the printing and publication of the Notice of General Meeting) the Company's issued share capital consisted of 2,180,724,970 ordinary shares, carrying one vote each. No shares were held in treasury. Therefore, the total voting rights in the Company as at 7 February 2022 were 2,180,724,970.

9. Any shareholder (or their appointed proxy) attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if (i) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered. For the General Meeting, shareholders can submit a question on our website at www.abrdn.com before or during the meeting and the abrdn Board will answer as many questions as practical during the meeting.

10. A copy of the Notice of General Meeting, and other information required by section 311A of the Companies Act 2006, can be found at www.abrdn.com.

11. Electronic addresses provided in the Circular or any related document (including in the Voting Form) should only be used to communicate with the Company for the purposes expressly stated.

Donnelley Financial Solutions 270264