



HERBERT
SMITH
FREEHILLS

HIVE BIDCO, INC.
and
HOTEL CHOCOLAT GROUP PLC

CO-OPERATION AGREEMENT
relating to
**the proposed acquisition of Hotel Chocolat
Group plc**

Herbert Smith Freehills LLP

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THIS AGREEMENT is made on

16 November 2023

BETWEEN:

- (1) **HIVE BIDCO, INC.** is a corporation incorporated under the laws of the State of Delaware in the United States and whose registered office is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, USA 19801 ("**Bidco**"); and
- (2) **HOTEL CHOCOLAT GROUP PLC** a company incorporated and registered in England and Wales (with company number 08612206) and whose registered office is Mint House, Newark Close, Royston, Hertfordshire, SG8 5HL ("**Target**"),

together referred to as the "**Parties**" and each as a "**Party**" to this Agreement.

RECITALS:

- (A) Bidco, a newly incorporated Delaware corporation that is a wholly-owned indirect subsidiary of Mars, proposes to announce a firm intention to make a recommended offer for the entire issued and to be issued share capital of Target on the terms and subject to the conditions referred to in this Agreement and set out in the Announcement (as defined below).
- (B) The Parties intend the Acquisition (as defined below) to be implemented by means of the Scheme (as defined below), provided that Bidco reserves the right, as set out in (and subject to the terms and conditions of) the Announcement and this Agreement, and if the Panel consents, to elect to implement the Acquisition by means of an Offer (as defined below).
- (C) The Parties are entering into this Agreement to set out their respective commitments to regulate the basis on which they are willing to implement the Acquisition (whether by way of the Scheme or an Offer).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement (including the Recitals and the Schedules other than Schedule 2), each of the following words and expressions has the following meanings unless expressly stated otherwise:

"Acceptance Condition"	means, if applicable, the acceptance condition to the Offer, as specified in Clause 6.2.2;
"Acquisition"	means the direct or indirect acquisition of the shares of Target by Bidco (other than any Target Shares already held by the Bidco Group), to be effected by way of: (i) the Scheme; or (ii) the Offer (as the case may be);
"Agreed Switch"	has the meaning given in Clause 6.1.1;
"Agreement"	means this co-operation agreement;
"Announcement"	means the announcement of Bidco's firm intention to make an offer for Target in the agreed form set out in Schedule 2;
"Bidco Directors"	means members of the board of directors of Bidco;
"Bidco Group"	means Bidco and its subsidiaries and subsidiary undertakings from time to time and " member of the Bidco Group " shall be construed accordingly;
"Business Day"	means a day, other than a Saturday or Sunday or a public or bank holiday, on which banks are open for general business in London, UK, and New York, USA;

"Clean Team Agreement"	means the agreement governing the exchange of confidential competitively and commercially sensitive information through a clean team, dated 24 October 2023, between Mars and Target;
"Clearance(s)"	means any approvals, consents, clearances, permissions, waivers, comfort letters, confirmations and/or filings that are necessary in order to satisfy one or more of the Regulatory Conditions and all waiting periods that may need to have expired, or otherwise considered desirable by Bidco, from or under the laws, regulations or practices applied by any relevant Regulatory Authority in connection with the implementation of the Acquisition and any reference to Regulatory Conditions having been "satisfied" shall be construed as meaning that the foregoing have been obtained or, where appropriate, made or expired in accordance with the relevant Regulatory Condition;
"Code"	means the City Code on Takeovers and Mergers, as amended from time to time;
"Companies Act"	means the Companies Act 2006, as amended from time to time;
"Competing Proposal"	means: <ul style="list-style-type: none"> (i) an offer (including a partial, exchange or tender offer), merger, acquisition, dual-listed structure, scheme of arrangement, reverse takeover, Rule 9 waiver proposal and/or business merger (or the announcement of a firm intention to do the same), the purpose of which is to acquire, directly or indirectly, 30 per cent or more of the issued or to be issued share capital of Target (when aggregated with the shares already held by the acquirer and any person acting or deemed or presumed to be acting in concert with the acquirer) or any arrangement or series of arrangements which results in any Party acquiring, consolidating or increasing "control" (as defined in the Code) of Target; (ii) the acquisition or disposal, directly or indirectly, of all or a significant proportion (being 25 per cent or more) of the business, assets and/or undertakings of the Target Group calculated by reference to any of its revenue, profits or value taken as a whole (or the announcement of an intention to do the same); (iii) a demerger, or any material re-organisation and/or liquidation, involving all or a significant portion (being 25 per cent or more) of the Target Group calculated by reference to any of its revenue, profits or value taken as a whole (or the announcement of an intention to do the same); or (iv) any other transaction which would be alternative to, or inconsistent with, or would be reasonably likely materially

to preclude, impede or delay or otherwise prejudice the implementation of the Acquisition,

in each case which is not effected by Bidco (or a person acting in concert with Bidco) or at Bidco's discretion, whether implemented in a single transaction or a series of transactions and whether conditional or otherwise;

"Conditions"

means (i) for so long as the Acquisition is being implemented by means of the Scheme, the conditions to the implementation of the Scheme as set out in Appendix 1 to the Announcement and to be set out in the Scheme Document, as may be amended by Bidco with the consent of the Panel (and, for so long as the Scheme is subject to a unanimous and unqualified recommendation from Target Directors, with the consent of the Target); and (ii) for so long as the Acquisition is being implemented by means of an Offer, the conditions referred to in (i) above, as amended by replacing the Scheme Conditions with the Acceptance Condition and as may be further amended by Bidco with the consent of the Panel (and in the case of an Agreed Switch, and for so long as the Offer is subject to a unanimous and unqualified recommendation from the board of directors of the Target, with the consent of the Target), and **"Condition"** shall be construed accordingly;

"Confidentiality Agreement"

means the confidentiality agreement, dated 16 October 2023, between Mars and Target entered into in connection with the Acquisition;

"Court"

means the High Court of Justice in England and Wales;

"Court Meeting"

means the meeting of the holders of Target Shares in issue on the date of the Scheme Document or issued after the date of the Scheme Document but prior to the Voting Record Time or of any class or classes thereof, to be convened pursuant to section 896 of the Companies Act for the purpose of considering, and if thought fit, approving (with or without modification), the Scheme (including any adjournment, postponement or reconvention thereof);

"Court Sanction Hearing"

means the Court hearing to sanction the Scheme under section 899 of the Companies Act, including any adjournment thereof;

"Day 60"

has the meaning given in the Code;

"Disclosing Party"

has the meaning given to that term in Clause 3.5;

"Effective Date"

means the date upon which either:

- (i) the Scheme becomes effective in accordance with its terms; or
- (ii) if Bidco elects to implement the Acquisition by means of an Offer in accordance with the terms of this Agreement and the requirements of the Code, the Offer becomes or is declared unconditional;

"Form of Acceptance"	means the form of acceptance to be used by the Target Shareholders in relation to any Offer;
"Joint Defence Agreement"	means the confidentiality and joint defence agreement dated 25 October 2023 between Mars and Target (amongst others) entered into in connection with the Acquisition;
"Law"	means any applicable statutes, common law, rules, ordinances, regulations, codes, orders, judgments, injunctions, writs, decrees, directives, governmental guidelines or interpretations having the force of law or bylaws, in each case, of a Regulatory Authority;
"Long-Stop Date"	has the meaning given to it in the Announcement;
"Mars"	means Mars Incorporated, a corporation incorporated under the laws of the State of Delaware in the United States and whose registered office is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, USA 19801;
"Offer"	means, in the event of a Switch, a takeover offer within the meaning of section 974 of the Companies Act to implement the Acquisition, including any subsequent revision, amendment, variation, extension or renewal thereof;
"Offer Document"	means an offer document sent by Bidco to (among others) Target Shareholders setting out (among other things) the full terms and conditions of the Offer, including (as the context requires) any revised or supplementary offer document;
"Panel"	means the Panel on Takeovers and Mergers in the UK;
"Personnel"	means in relation to any Party, its board of directors, officers and employees;
"Recipient"	has the meaning given in Clause 11.4;
"Regulatory Authority"	means any central bank, ministry, governmental, quasi-governmental (including the European Union), supranational, statutory, regulatory or investigative body or authority (including any national or supranational anti-trust, competition or merger control authority, any sectoral ministry or regulator and any foreign investment review body), national, state, municipal or local government (including any subdivision, court, tribunal, administrative agency or commission or other authority thereof), any entity owned or controlled by them, any private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or environmental body in any jurisdiction, in each case in any jurisdiction, including the Panel;
"Regulatory Conditions"	means the Conditions set out in paragraphs 3 to 5 inclusive in Part A of Appendix 1 to the Announcement;
"Remedies"	means any conditions, obligations, measures, commitments, modifications, undertakings, remedies (including disposals and any pre divestiture reorganisations) or assurance

(financial or otherwise) offered or required in connection with the obtaining of any Clearances and "**Remedy**" shall be construed accordingly;

"RIS"	means a primary information provider which has been approved by the Financial Conduct Authority (or its successor from time to time) to disseminate regulated information;
"Scheme"	means the scheme of arrangement pursuant to Part 26 of the Companies Act by means of which the Parties intend to implement the Acquisition including any subsequent revision, modification or amendment either agreed upon between the Parties, or approved or imposed by the Court and agreed to on behalf of the Parties;
"Scheme Conditions"	means the conditions set out in paragraph 2 of Appendix 1 to the Announcement;
"Scheme Document"	means the circular relating to the Scheme to be dispatched to Target Shareholders setting out, among other things, the full terms and conditions to the implementation of the Scheme as well as the Scheme itself and containing the notices convening the Court Meeting and the Target General Meeting (including as the context requires any revised or supplementary scheme document);
"Scheme Order"	means the order of the Court sanctioning the Scheme pursuant to section 899 of the Companies Act;
"Switch"	has the meaning given in Clause 6.1;
"Target Board Recommendation"	means the unanimous and unconditional recommendation of the Target Directors to the Target Shareholders in respect of the Acquisition: (i) to vote in favour of the Scheme at the Court Meeting and in favour of the Target Resolutions at the Target General Meeting, or (ii) if Bidco elects to implement the Acquisition by means of an Offer in accordance with the terms of this Agreement and the requirements of the Code, to accept the Offer (as the case may be);
"Target Board Recommendation Change"	means <ul style="list-style-type: none">(i) any failure to include the Target Board Recommendation in the Scheme Document, or where a Switch has occurred, the Target Directors not consenting to the Target Board Recommendation being included in the Offer Document;(ii) except as contemplated in this Agreement, any public announcement by Target prior to publication of the Scheme Document: (i) (other than where an Agreed Switch has occurred) that it will not convene the Court Meeting and/or Target General Meeting; (ii) that the Target Directors no longer intend to make the Target Board Recommendation or intend to adversely modify or qualify such recommendation; or (iii) (other than where an Agreed Switch has occurred) that it does not intend to publish the Scheme Document or (if different) the

document convening the Court Meeting or the Target General Meeting;

- (iii) the Target Directors withdraw or adversely modify or adversely qualify the Target Board Recommendation without Bidco's prior written consent, provided that the issuance of any holding statement(s) by Target following a change in circumstances (so long as any such holding statement does not contain a statement that the Target Directors intend to withdraw, adversely modify or adversely qualify the Target Board Recommendation) shall not constitute a withdrawal, adverse modification or adverse qualification (or an intention to do so) for the purposes of this sub-paragraph unless Target fails to announce, before 5.30pm on the fifth Business Day after the relevant statement or announcement, its reconfirmation of the Target Board Recommendation;
- (iv) the Target Directors fail to publicly reaffirm the Target Board Recommendation or publicly reaffirm or re-issue a statement of its intention to make the Target Board Recommendation before 5.30pm on the fifth Business Day following Bidco's reasonable request to do so;
- (v) other than where a Switch has occurred, if the Target makes an announcement that it will or intends to delay the convening of, or will adjourn or postpone, the Court Meeting or the Target General Meeting, in each case without the consent of Bidco, except where: (i) such delay or adjournment is solely caused by logistical or practical reasons beyond Target's reasonable control; or (ii) a supplementary circular is required to be published in connection with the Scheme, and as a result, the Court Meeting and/or the Target General Meeting cannot be held by such date in compliance with the Code and any other applicable Law, provided that the Target uses reasonable endeavours to publish the supplementary circular promptly after the date on which the requirement to publish a supplementary circular arises; or
- (vi) if, after the approval of the Scheme and/or the Target Resolutions, the Target Directors announce that they will not implement the Scheme (other than: (i) following or in connection with a Switch or an announcement of an offer or revised offer by Bidco or one of its affiliates for the Target; or (ii) because a Condition to the Acquisition has become incapable of fulfilment or satisfaction).

"Target Directors"

means the directors of Target from time to time;

"Target General Meeting"

means the general meeting of Target Shareholders (and any adjournment thereof) to be convened in connection with the Scheme for the purpose of considering, and, if thought fit, approving, the Target Resolutions;

"Target Group"	means Target, its subsidiaries and its subsidiary undertakings from time to time and "member of the Target Group" shall be construed accordingly;
"Target Resolutions"	means such shareholder resolutions of Target as are necessary to approve, implement and effect the Scheme and Acquisition, including (without limitation) a resolution to amend the articles of association of Target by the adoption and inclusion of a new article under which any Target Shares issued or transferred after the Target General Meeting shall either be subject to the Scheme or (after the Effective Date) be immediately transferred to Bidco (or as it may direct) in exchange for the same consideration as is due under the Scheme;
"Target Shareholders"	means the registered holders of Target Shares from time to time;
"Target Share Plans"	means the LTIP, the Founder Shares Plan and the SAYE Plan, as defined in Schedule 1 to this Agreement;.
"Target Shares"	means the ordinary shares of 0.1 pence each in the capital of Target from time to time; and
"Voting Record Time"	has the meaning given to it in the Announcement.

1.2 Interpretation

1.2.1 In this Agreement, except where the context otherwise requires:

- (A) a reference to this Agreement includes any Recitals and Schedules to it and references to Clauses and Schedules are to clauses of, and schedules to, this Agreement unless the context required otherwise;
- (B) a reference to a time of day is to London, United Kingdom time;
- (C) a reference to a day (including within the defined term Business Day) means a period of 24 hours ending at midnight;
- (D) any period of time is calculated exclusive of the day from which the time period is expressed to run or the day upon which the event occurs which causes the period to start running;
- (E) a reference to an enactment, EU instrument or statutory provision shall include a reference to any subordinate legislation made under the relevant enactment, EU instrument or statutory provision and is a reference to that enactment, EU instrument, statutory provision or subordinate legislation as it is in force at the date of this Agreement and as it existed in any modified or previously enacted form before but not after the date of this Agreement;
- (F) the words "acting in concert" shall be construed in accordance with the Code;
- (G) a reference to a person includes a reference to any individual, firm, company, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having separate legal personality) and includes a reference to that person's legal personal representatives and successors;
- (H) a reference to "writing" or "written" means any method of reproducing words in a legible form and shall, except where expressly stated otherwise, include email but shall exclude writing in a transitory form;

- (I) the words and phrases "includes", "including", "in particular" (or any terms of similar effect) shall not be construed as implying any limitation and general words shall not be given a restrictive meaning because they are preceded or followed by particular examples;
- (J) words in the singular include the plural and vice versa; and
- (K) a reference to the termination of this Agreement includes a reference to its expiry by effluxion of time.

1.2.2 The headings in this Agreement do not affect its interpretation.

1.3 **Definitions incorporated from the Companies Act**

In this Agreement, words and expressions defined in the Companies Act bear the same meaning as in that Act unless expressly stated otherwise.

2. **PUBLICATION OF ANNOUNCEMENT AND TERMS OF ACQUISITION**

2.1 The obligations of the Parties under this Agreement, other than Clause 1 (*Definitions and Interpretation*), this Clause 2.1 and Clauses 10 (*Termination*) to 15.8 (*Costs*) and Clause 16 (*Governing Law and Dispute Resolution*) (inclusive), shall be conditional on the release of the Announcement via a RIS on the date of this Agreement, or such later time and date as the Parties may agree (and, where required by the Code, approved by the Panel). This Clause 2.1 and Clause 1 (*Definitions and Interpretation*), Clauses 10 (*Termination*) to 15.8 (*Costs*) and Clause 16 (*Governing Law and Dispute Resolution*) (inclusive) shall take effect upon execution of this Agreement.

2.2 The principal terms of the Acquisition shall be as set out in the Announcement, together with such other terms as may be agreed by the Parties in writing (save in the case of an improvement to the terms of the Acquisition in favour of the Target Shareholders, which will be at the sole discretion of Bidco) and, where required by the Code, approved by the Panel. The terms of the Acquisition at the date of publication of the Scheme Document shall be set out in the Scheme Document. Should Bidco elect, subject to the consent of the Panel and terms of this Agreement, to implement the Acquisition by way of the Offer in accordance with the provisions of Clause 6, the terms of the Acquisition shall be set out in the Offer Document.

3. **UNDERTAKINGS IN RELATION TO CLEARANCES**

3.1 Bidco shall use all reasonable endeavours to obtain Clearances (if any) and achieve satisfaction of the Regulatory Conditions as soon as reasonably practicable following the date of this Agreement, and in any event, in sufficient time to enable the Effective Date to occur by the Long Stop Date.

3.2 Bidco shall be primarily responsible for determining the strategy for obtaining any Clearances (after prior consultation with Target) and (except when Target is required to do so by applicable Law) for contacting and corresponding with the relevant Regulatory Authority in relation to any Clearances, including, with the assistance of Target in accordance with this Agreement, the preparation and submission of all filings, notifications and submissions and payment of all filing fees.

3.3 Without prejudice to the generality of Clause 3.1, Bidco undertakes to Target:

3.3.1 to the extent that any Clearances are required or sought in respect of the Acquisition, make filings, notifications or submissions in respect of the Clearances which it has a responsibility to make under applicable Law (or if otherwise required by a Regulatory Authority) with or to the relevant Regulatory Authority in respect of the Acquisition and to take all required or necessary steps (as applicable) to avoid: (i) any declaration of incompleteness by any Regulatory Authority; and (ii) any suspension of any review period by any Regulatory Authority;

3.3.2 if and to the extent permitted by applicable Law and the requirements of the relevant Regulatory Authority, notify Target as soon as reasonably practicable of

- any communication (whether written or oral) from any Regulatory Authority in connection with the Acquisition;
- 3.3.3 if and to the extent permitted by applicable Law and the requirements of the relevant Regulatory Authority, and where practicable, give Target reasonable notice of and reasonable opportunity to participate in all meetings and telephone calls with any Regulatory Authority in connection with the Acquisition (unless solely administrative in nature);
- 3.3.4 if and to the extent permitted by applicable Law and to the extent possible, provide Target with drafts of all written communications (unless solely administrative in nature) intended to be sent to any Regulatory Authority in connection with the Acquisition sufficiently in advance of their submission to allow Target a reasonable opportunity to comment on them and provide Target with final copies of all such communications; and
- 3.3.5 if and to the extent permitted by applicable Law and the requirements of any Regulatory Authority, keep Target informed of any developments which are material to the obtaining of the Clearances.
- 3.4 Subject to Clause 3.5, to the extent that any Clearances are required or sought in respect of the Acquisition, Target undertakes promptly to provide such information and assistance to Bidco as Bidco may reasonably require for the purposes of obtaining such Clearances and making submissions, filings or notifications to any Regulatory Authority.
- 3.5 If a provision of this Agreement obliges Bidco or Target (the "**Disclosing Party**") to disclose any information to the other Party:
- 3.5.1 that is personally identifiable information of a director, officer or employee of the Disclosing Party, unless that information can be reasonably anonymised (in which case the Disclosing Party shall provide the relevant information on an anonymous basis);
- 3.5.2 which the Disclosing Party reasonably considers to be commercially or competitively sensitive;
- 3.5.3 which the Disclosing Party is prohibited from disclosing by applicable Law or the terms of an existing contract;
- 3.5.4 where such disclosure would result in the loss of privilege that subsists in relation to such information, including legal professional privilege; or.
- 3.5.5 where such disclosure would result in the relevant information being required to be disclosed to a competing bidder pursuant to Rule 21.3 of the Code,
- the Disclosing Party shall, to the extent permitted by applicable Law (and, if relevant, the Code), disclose the relevant information to the other Party:
- 3.5.6 on an outside-counsel basis pursuant to the Clean Team Agreement and the Joint Defence Agreement; or
- 3.5.7 where disclosure to the other Party would reasonably be expected to have a material adverse effect on the Disclosing Party's legitimate business interest, directly to the relevant Regulatory Authority (and in such circumstances, the Disclosing Party shall provide, or procure the provision of, a non-confidential version of such information to the other Party),
- but provided always that nothing in this Agreement shall oblige the Disclosing Party to disclose any information where such disclosure would result in the loss of privilege that subsists in relation to such information (including legal professional privilege).
- 3.6 Except with the prior written consent of Target, Bidco shall not, and shall procure that each person acting in concert or deemed to be acting in concert with Bidco (including each member of the Bidco Group) shall not, in each case, directly or indirectly:

3.6.1 take, or omit to take, or permit or cause to be taken, any action; or

3.6.2 enter into any acquisition, transaction, agreement or other arrangement,

in either case, which would, or would be reasonably likely to, preclude, impede, prejudice or materially delay receipt of the Clearances or satisfaction of the Regulatory Conditions or prevent, impede, prejudice or delay completion of the Acquisition at the earliest practicable date.

4. **SCHEME DOCUMENT**

4.1 Bidco undertakes:

4.1.1 to provide promptly to Target (and/or its legal advisers) all such information about itself, the Bidco Directors and the Bidco Group as may be reasonably requested and which is required for the purpose of inclusion in the Scheme Document (including any information required under applicable Law or the Code regarding the intentions of Bidco) and to provide all other assistance and access (including to Personnel) which may be reasonably required for the preparation of the Scheme Document (and any other document required by applicable Law or under the Code to be published in connection with the Scheme, including any supplemental circular), including access to, and ensuring that reasonable assistance is provided by, its professional advisers; and

4.1.2 to procure the Bidco Directors (and any other person connected with Bidco, as required by the Panel) accept responsibility, in the terms required in the Code, for all of the information in the Scheme Document (and any other document required by applicable law or under the Code to be published in connection with the Scheme) relating to:

- (A) the Bidco Directors (and their close relatives (as defined in the Code), connected persons or related trusts) or the Bidco Group;
- (B) financing of the Acquisition;
- (C) information on Bidco's intentions and future plans for the Target Group and its business, places of business, management and employees;
- (D) any statements of the opinion, belief or expectation of Bidco or the Bidco Directors in relation to the Acquisition or the enlarged Bidco Group following the completion of the Acquisition;
- (E) and any other information in the Scheme Document for which a bidder is required to accept responsibility under applicable Law or the Code.

4.2 Bidco agrees that if any supplemental circular or document is required by Law to be published by Target in connection with the Scheme or, subject to the prior written consent of Bidco, any variation or amendment to the Scheme, its obligations in Clause 4.1 shall apply to such supplemental circular or document *mutatis mutandis*.

5. **IMPLEMENTATION OF THE SCHEME**

5.1 Where the Acquisition is being implemented by way of the Scheme, Bidco undertakes that, by no later than 11.59 p.m. on the Business Day immediately preceding the Court Sanction Hearing, it shall deliver a notice in writing to Target either:

5.1.1 confirming the satisfaction or waiver of all Conditions (other than the Scheme Conditions); or

5.1.2 confirming its intention to invoke one or more Conditions (if permitted by the Panel) and providing reasonable details of the event which has occurred (or failed to occur), or circumstances which have arisen, which Bidco reasonably considers entitles it to invoke such Condition (and, why Bidco considers such event or circumstances to be sufficiently material for the Panel to permit it to invoke such Condition).

5.2 Where the Acquisition is being implemented by way of the Scheme, Bidco shall instruct counsel to appear on its behalf at the Court Sanction Hearing and undertake to the Court to be bound by the terms of the Scheme in so far as it relates to Bidco and shall provide such documentation or information as may reasonably be required by Target's counsel or the Court in relation to such undertaking.

5.3 Bidco agrees that if it intends to seek the permission of the Panel to invoke a Condition, it will, subject to applicable Law, as soon as reasonably practicable, notify Target of its intention and provide Target with reasonable details of the ground on which it intends to invoke the relevant Condition.

6. SWITCHING TO AN OFFER

6.1 The Parties intend that the Acquisition will be implemented by way of the Scheme. However, Bidco shall be entitled, with the consent of the Panel, to implement the Acquisition by way of the Offer rather than the Scheme (such election being a "**Switch**") only if:

6.1.1 Target provides its prior written consent (an "**Agreed Switch**"), in which case (for so long as there has been no Target Board Recommendation Change) Clause 6.2 shall apply;

6.1.2 a third party announces a firm intention to make an offer for all or part of the issued and to be issued ordinary share capital of Target which is recommended in whole or in part by the Target Directors; or

6.1.3 a Target Board Recommendation Change occurs.

6.2 In the event of any Agreed Switch, unless otherwise agreed with Target or required by the Panel:

6.2.1 Bidco will:

(A) consult with Target in a timely manner as to the form and content of any announcements relating to the Agreed Switch and its implementation and any material proposed changes to the timetable in relation to the implementation of the Agreed Switch with Target;

(B) prepare, as soon as reasonably practicable, the Offer Document and Form of Acceptance;

(C) consult in good faith with Target as to the timing of publication, form and content of the Offer Document and Form of Acceptance; and

(D) seek Target's approval of the contents of the information on Target contained in the Offer Document before the document is published, consider in good faith comments reasonably made by Target on the contents of the Offer Document, and provide Target a reasonable opportunity to consider the Offer Document in order to give such approval and make any such comments (such approval not to be unreasonably withheld, conditioned or delayed);

6.2.2 the Acceptance Condition shall be set at 75 per cent of the Target Shares (or such lesser percentage as may be determined by Bidco after, to the extent necessary, consultation with Target and the Panel, being in any case more than 50 per cent of the Target Shares);

6.2.3 Bidco shall not take any action pursuant to Rule 31.6 of the Code which could cause the Offer not to proceed, to lapse or to be withdrawn, in each case for non-fulfilment of the Acceptance Condition, prior to Day 60 and Bidco shall ensure that the Offer remains open for acceptances until such time;

6.2.4 if at any time following the publication of the Offer Document, it becomes reasonably expected (as determined by Bidco acting reasonably and in good faith) that any outstanding Regulatory Condition is not likely to be satisfied or waived (if capable of waiver) prior to the last date permitted under Rule 31.1 of the Code, Bidco shall request or consent to such suspension of the offer timetable in

accordance with Rule 31.4(a) of the Code (or, if applicable, a further suspension or extension) to a date agreed with the Panel, provided always that such date shall be no later than the Long-Stop Date;

- 6.2.5 Bidco shall not, without the prior written consent of Target, make any acceleration statement (as defined in the Code) unless: (i) all of the Conditions (other than the Acceptance Condition) have been satisfied or waived (if capable of waiver); (ii) the acceleration statement contains no right for Bidco to set the statement aside (except with Target consent); and (iii) Bidco undertakes to Target not to take any action or step otherwise to set the acceleration statement aside;
- 6.2.6 Bidco shall ensure that, subject to the terms of this Agreement, the Offer is made on the same terms as those set out in the Announcement and the only conditions of the Offer shall be the Conditions (subject to replacing the Scheme Conditions with an Acceptance Condition which complies with the requirements of the Code and any other changes which are necessary as a result of the Switch from the Scheme to an Offer) unless the Parties agree otherwise in writing or with any modification or amendment to such terms and Conditions as may be required by the Panel; and
- 6.2.7 Bidco shall keep Target informed, on a confidential basis and on the following Business Day following receipt of a written request from Target, of the number of Target Shareholders that have validly returned their acceptance or withdrawal forms or incorrectly or invalidly completed their acceptance or withdrawal forms, the identity of such shareholders and the number of Target Shares to which such forms relate.
- 6.3 In the event of any Agreed Switch, the Parties agree that all provisions of this Agreement relating to the Scheme, the Scheme Document and its implementation shall apply to the Offer, the Offer Document and its implementation *mutatis mutandis*, save as set out in this Clause 6.
- 6.4 The provisions of this Agreement shall apply in the same way to any revised, amended, varied or modified Scheme (or any revised, amended, varied, extended or renewed Offer following an Agreed Switch as the case may be).
- 6.5 Bidco hereby confirms that it is not, at the date of this Agreement, and undertakes that (for so long as the Agreement is in force) it shall not become, following the date of this Agreement, required to make a mandatory offer for Target under Rule 9 of the Code.

7. CONDUCT OF THE ACQUISITION

If Bidco becomes aware of any fact, matter or circumstance that Bidco reasonably considers would significantly change the timetable for the Acquisition or entitle Bidco to invoke (with the consent of the Panel) any of the Conditions or treat any of the Conditions as unsatisfied or incapable of satisfaction in each case in accordance with Rule 13.5 of the Code, Bidco shall (subject to applicable Law) inform Target promptly providing reasonable details of such fact, matter or circumstance.

8. REMUNERATION PROPOSALS

- 8.1 The Parties agree that the provisions of Schedule 1 (*Remuneration Proposals*) with respect to certain employee-related matters shall be implemented in accordance with that Schedule.
- 8.2 Bidco and Target agree that if the Acquisition is implemented by way of the Scheme, the timetable for its implementation shall be fixed so as to enable options and awards under the relevant Target Share Plans that are exercised and/or vest upon the sanction of the Scheme by the Court to be exercised or vest in sufficient time to enable the resulting Target Shares to be bound by the Scheme on the same terms as the Target Shares held by Target Shareholders.

9. **DIRECTORS' AND OFFICERS' INSURANCE**

- 9.1 To the extent such obligations are permitted by Law, for six years after the Effective Date, Bidco shall procure that the members of the Target Group fulfil their respective obligations (if any) existing as at the date of this Agreement to indemnify their respective directors and officers and to advance reasonable expenses, and to provide all reasonable assistance to the current directors and officers of Target and each member of the Target Group to the extent they need to make a claim against the existing Target directors' and officers' insurance policy (including any associated run-off cover), in each case with respect to matters existing or occurring at or prior to the Effective Date.
- 9.2 Bidco acknowledges that Target may prior to the Effective Date purchase directors' and officers' liability insurance cover for both current and former directors and officers of Target, including directors and officers who retire or whose employment is terminated as a result of the Acquisition, for acts or omissions up to and including the Effective Date, in the form of run-off cover for a period of six years following the Effective Date. Such insurance cover shall be with reputable insurers and provide cover, in terms of amount and breadth, substantially equal to that provided under the Target directors' and officers' liability insurance as at the date of this Agreement.

10. **TERMINATION**

- 10.1 Subject to Clauses 10.2 and 10.3, this Agreement shall terminate with immediate effect and all rights and obligations of the Parties under the Agreement shall cease forthwith, if one or more of the following occurs:
- 10.1.1 if such termination is agreed in writing between the Parties;
- 10.1.2 if the Announcement is not released at or before the date specified in Clause 2.1 (unless prior to that time the Parties have agreed another time and date in accordance with that Clause);
- 10.1.3 upon service of written notice by Bidco to Target if a Target Board Recommendation Change occurs;
- 10.1.4 upon service of written notice by Target to Bidco if a Competing Proposal completes, becomes effective, or is declared or becomes unconditional;
- 10.1.5 upon service of written notice by Bidco to Target if a Competing Proposal: (i) completes, becomes effective, or is declared or becomes unconditional; or (ii) is recommended by the board of Target Directors;
- 10.1.6 upon service of written notice by Bidco to Target, if the Acquisition is being implemented by way of the Scheme and:
- (A) the Court Meeting and/or the Target General Meeting is not held on or before the 22nd day after the expected date of such meetings as set out in the Scheme Document (or such later date(s) as may be agreed in writing between the Parties with the consent of the Panel and the approval of the Court, in each case if such consent or approval is required); or
- (B) the Court Sanction Hearing is not held on or before the 22nd day after the expected date of such hearing as set out in the Scheme Document (or such later date as may be agreed in writing between the Parties with the consent of the Panel and the approval of the Court (if such approval is required));
- 10.1.7 upon service of written notice by either Party to the other Party, in each case if the Acquisition is being implemented by way of Scheme and:
- (A) except following a Switch, the Scheme is not approved by the requisite majority of the Target Shareholders at the Court Meeting or the Target Resolutions are not passed by the requisite majority of the Target Shareholders at the Target General Meeting; or
- (B) the Court refuses to sanction the Scheme or grant the Scheme Order at the Court Sanction Hearing; or

- (C) the Effective Date has not occurred on or before the Long-Stop Date (unless otherwise agreed by the Parties in writing or required by the Panel);
- 10.1.8 upon service of written notice by Bidco to Target stating that:
- (A) any Condition which has not been waived is (or has become) incapable of satisfaction by the Long-Stop Date and, notwithstanding that it has the right to waive such Condition, Bidco will not do so; or
 - (B) any Condition which is incapable of waiver has become incapable of satisfaction by the Long-Stop Date,
- in each case in circumstances where the invocation of the relevant Condition (or confirmation that the Condition is incapable of satisfaction, as appropriate) is permitted by the Panel;
- 10.1.9 if the Acquisition (whether implemented by way of the Scheme or Offer, as the case may be) is withdrawn, lapses or terminates on or prior to the Long-Stop Date, other than where such withdrawal, lapse or termination (i) is as a result of the exercise of Bidco's right to effect a Switch, or (ii) is to be followed, within ten Business Days (or such other date as Bidco and Target may agree in writing), by an announcement under Rule 2.7 of the Code made by Bidco or any person acting in concert with Bidco to implement the Acquisition by a different offer or scheme provided that, unless otherwise agreed in writing between Bidco and the Target: (i) the cash price per Target Share is no less than stated in the Announcement; and (ii) the exchange ratio in respect of the Partial Share Alternative (as defined in the Announcement) is no less than stated in the Announcement and the terms of the Partial Share Alternative set out in paragraphs 4 to 8 and 10 to 13 of Appendix 4 of the Announcement (or more favourable terms) apply.
- 10.2 Termination of this Agreement shall be without prejudice to the rights of any of the Parties which have arisen before termination.
- 10.3 Clause 1 (*Definitions and Interpretation*), the whole of this Clause 10, Clauses 11 (*Warranties*) to 15.8 (*Costs*) (inclusive) and Clause 16 (*Governing Law and Dispute Resolution*) (inclusive) and, in circumstances where this Agreement is terminated on or after the Effective Date, Clause 8 (*Remuneration Proposals*), Clause 9 (*Directors' and Officers' Insurance*) and Schedule 1 (*Remuneration Proposals*), shall survive termination of this Agreement.
- 11. WARRANTIES**
- 11.1 Each Party warrants to the other Party on the date of this Agreement that:
- 11.1.1 it has the requisite power and authority to enter into and perform its obligations under this Agreement;
 - 11.1.2 this Agreement constitutes its binding obligations in accordance with its terms;
 - 11.1.3 the execution and delivery of, and performance of its obligations under, this Agreement will not:
 - (A) result in a breach of any provision of its constitutional documents;
 - (B) result in a breach of, or constitute a default under, any instrument which is material in the context of the Acquisition to which it is a party or by which it is bound; or
 - (C) result in a breach of any order, judgment or decree or any court or governmental agency to which it is a party or by which it is bound.
- 11.2 Each Party shall have no claim against the other Party for breach of warranty after the Effective Date (without prejudice to any liability for fraudulent misrepresentation or fraudulent misstatement).

11.3 Bidco warrants to Target that, as at the date of this Agreement it is not aware of any matter or circumstance which would or could reasonably be expected to result in any of the Conditions not being satisfied.

11.4 Each Party acknowledges and agrees that any information and/or assistance provided by any of the other Party's Personnel (acting in their capacity as such) to it and/or any other person acting in concert with it, and any of their respective directors, officers, employees or advisers (each a "**Recipient**"), whether before, on or after the date of this Agreement: (i) pursuant to the obligations of the relevant Party or any member of their respective group under or otherwise in connection with this Agreement; or (ii) in connection with the Acquisition, shall in each case be (and have been) given on the basis that the relevant Personnel shall not incur any liability, whether in contract, tort (including negligence) or otherwise, in respect of any loss or damage that any of the Recipients may suffer as a result of the provision of any such information and/or assistance, save, in each case for loss or damage resulting from the fraudulent misrepresentation of the relevant Personnel.

12. THE CODE

12.1 Nothing in this Agreement shall in any way limit the Parties' obligations (or the obligations of their respective Personnel) under the Code, and any uncontested rulings of the Panel as to the application of the Code in conflict with the terms of this Agreement shall take precedence over such terms of this Agreement.

12.2 The Parties agree that, if the Panel determines that any provision of this Agreement that requires Target to take or not to take action, whether as a direct obligation or as a condition to any other person's obligation (however expressed), is not permitted by Rule 21.2 of the Code, that provision shall have no effect and shall be disregarded.

12.3 Nothing in this Agreement shall oblige Target or the Target Directors to recommend an Offer or a Scheme proposed by Bidco or any person acting in concert with it.

12.4 Without prejudice to the warranties given by the Parties pursuant to Clause 11, nothing in this Agreement shall be taken to restrict the directors of any member of the Target Group or the Bidco Group from complying with Law, orders of court or regulations, including the Code.

13. NOTICES

13.1 A notice (including any approval, consent or other communication) given in connection with this Agreement and the documents referred to in it must be in writing in the English language and must be given by one of the following methods:

13.1.1 by hand (including by courier or process server) to the address of the addressee; or

13.1.2 by pre-paid registered post (or airmail if posted from a place outside the United Kingdom) to the address of the addressee; or

13.1.3 by email (including by attachment to an email) to the email address of the addressee,

being the address specified in Clause 13.2 in relation to the Party to whom the notice is addressed, and marked for the attention of the person so specified, or to such other address in the United Kingdom or, in the case of the copies, the email address, or marked for the attention of such other person, as the relevant Party may from time to time specify by notice given to the other Party in accordance with this Clause.

13.2 The relevant address and specified details for each of the Parties at the date of this Agreement is as follows:

Bidco

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

Target

[REDACTED]

13.3 Each Party shall notify the other Party in writing of any change to its details in Clause 13.2 from time to time.

13.4 Unless it is proved that it was received earlier and subject to Clause 13.5, a notice is deemed to be received:

13.4.1 in the case of a notice given by hand (including by courier or process server), at the time when the notice is left at the relevant address;

13.4.2 in the case of a notice given by email, when sent, provided that the sender does not immediately receive after sending the email a delivery failure or delay notification in respect of the email address (or, if more than one email address is specified for that Party, in respect of all of the email addresses); and

13.4.3 in the case of a notice given by posted letter, on the third day after posting or, if posted to or from a place outside the United Kingdom, the seventh day after posting.

13.5 A notice received or deemed to be received in accordance with Clause 13.3 on a day which is not a Business Day, or after 5:00 p.m. on any Business Day, shall be deemed to be received at 9:00 a.m. on the following Business Day.

14. ENTIRE AGREEMENT

14.1 The provisions of this Agreement shall be supplemental to and shall not prejudice the terms of the Confidentiality Agreement, the Clean Team Agreement and the Joint Defence Agreement which shall remain in full force and effect notwithstanding the execution of this Agreement.

14.2 This Agreement, together with the Confidentiality Agreement, the Clean Team Agreement and the Joint Defence Agreement, represents the entire understanding, and constitutes the whole agreement, in relation to its subject matter and supersedes any previous agreement between the Parties with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom.

14.3 Each Party confirms that, except as provided in this Agreement and the Confidentiality Agreement, the Clean Team Agreement and the Joint Defence Agreement, no Party has relied on any undertaking, representation or warranty which is not contained in this Agreement or the Confidentiality Agreement, the Clean Team Agreement or the Joint Defence Agreement and no Party shall be under any liability or shall have any remedy in respect of any misrepresentation or untrue statement unless and to the extent that a claim lies under this Agreement or the Confidentiality Agreement, the Clean Team Agreement or the Joint Defence Agreement.

15. MISCELLANEOUS

15.1 Assignment

No Party may assign (whether absolutely or by way of security and whether in whole or in part), transfer, mortgage, charge, hold on trust or otherwise dispose of (in any manner whatsoever) the benefit of this Agreement or sub contract or delegate in any manner whatsoever its performance under this Agreement and any such purported dealing in contravention of this Clause 15.1 shall be ineffective.

15.2 Legal relationship

Nothing in this Agreement or in any document referred to in it or any action taken by the Parties under it or any document referred to in it shall constitute any of the Parties a partner or agent of any other.

15.3 Third party rights

15.3.1 Each of:

(A) the current and/or former directors and officers of the members of the Target Group to which Clause 9 applies; and

(B) the Personnel to which Clause 11.4 applies,

may under the Contracts (Rights of Third Parties) Act 1999 enforce the terms of Clause 9 and/or 11.4 (as applicable). This right is subject to: (i) the rights of the Parties to rescind or vary this Agreement without the consent of any other person; and (ii) the other terms and conditions of this Agreement.

15.3.2 The provisions of Schedule 1 confer benefits on certain employees and other beneficiaries who may under the Contracts (Rights of Third Parties) Act 1999 enforce the terms of Schedule 1.

15.3.3 Save for as set out in Clauses 15.3.1 and 15.3.2 above, no term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by a person who is not a Party to this Agreement.

15.4 Variation and waiver

15.4.1 No variation of this Agreement shall be effective unless it is in writing (which for this purpose, does not include email) and signed by, or on behalf of, each of the Parties. The expression "variation" includes any variation, supplement, deletion or replacement however effected.

15.4.2 No waiver of any right or remedy provided by this Agreement or by law shall be effective unless it is in writing (which for this purpose, does not include email) and signed by, or on behalf of, the Party granting it.

15.4.3 The failure to exercise, or delay in exercising, any right or remedy provided by this Agreement or by Law does not:

- (A) constitute a waiver of that right or remedy;
- (B) restrict any further exercise of that right or remedy; or
- (C) affect any other rights or remedies.

15.4.4 A single or partial exercise of any right or remedy does not prevent any further or other exercise of that right or remedy or the exercise of any other right or remedy.

15.5 **Counterparts**

This Agreement may be executed in any number of counterparts and by each Party on separate counterparts, each of which when executed and delivered shall be an original, but all the counterparts together constitute one instrument.

15.6 **Time of the essence**

Time shall be of the essence of this Agreement in respect of any dates, times and periods mentioned throughout this Agreement and in respect of any dates and periods which may be substituted for them in accordance with this Agreement or by agreement in writing by the parties.

15.7 **Severance**

15.7.1 If any provision or part of any provision of this Agreement is or becomes invalid or unenforceable in any respect, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision of this Agreement.

15.7.2 If any provision of this Agreement is or becomes invalid or unenforceable in any respect, but would be valid and enforceable if some part of the provision were deleted, the provision in question shall apply with such minimum deletion as may be necessary to make it valid and enforceable.

15.8 **Costs**

Each Party shall bear its own costs and expenses incurred in connection with the negotiation and preparation of this Agreement and any other documents referred to in this Agreement and any other documents which are ancillary or incidental to it.

15.9 **Further assurance**

At its own cost, each Party shall, and shall procure that the members of the Target Group or the Bidco Group (as applicable) shall, and shall use all reasonable endeavours to procure that any other necessary third party shall, do and/or execute and/or perform all such further deeds, documents, assurances, acts and things as may reasonably be required to give effect to this Agreement.

16. **GOVERNING LAW AND DISPUTE RESOLUTION**

16.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter, existence, negotiation, validity, termination or enforceability (including non-contractual obligations, disputes or claims) shall be governed by, and construed in accordance with, English law.

16.2 Each Party irrevocably agrees that the courts of England shall have exclusive jurisdiction in relation to any dispute or claim arising out of or in connection with this Agreement or its subject matter, existence, negotiation, validity, termination or enforceability (including non-contractual disputes or claims, claims for set-off and counterclaims) .

16.3 Each Party irrevocably waives any right that it may have to object to an action being brought in the courts of England, to claim that the action has been brought in an inconvenient forum, or to claim that the courts of England do not have jurisdiction.

This Agreement has been executed as a deed and is delivered on the date shown above.

EXECUTED as a **DEED** by
HIVE BIDCO, INC., by
by [REDACTED]
acting under the company's authority in
accordance with the laws of the territory in
which it is incorporated

) [REDACTED]
)
) Signed: [REDACTED]
) Print name: [REDACTED]
) Title: President and Treasurer
) Authorised signatory [REDACTED]
)
)
) Signed:
) Print name: [REDACTED]
) Title: Secretary
) Authorised signatory

**EXECUTED as a DEED by
HOTEL CHOCOLAT GROUP PLC acting
by**

**[REDACTED]
in the presence of**

Signature of witness

[REDACTED]

**Name of witness
(in BLOCK CAPITALS)**

[REDACTED]

Address of witness

**[REDACTED]
[REDACTED]
[REDACTED]**

[REDACTED]

(Signature of director)

SCHEDULE 1
REMUNERATION PROPOSALS

Target and Bidder intend that the following arrangements and acknowledgements will, where appropriate and subject to the Scheme becoming effective in accordance with its terms, apply in respect of the Target Share Plans and certain other remuneration matters.

If there is an Agreed Switch and the Acquisition is implemented by way of an Offer, references to the date on which the Court sanctions the Scheme under section 899 of the Companies Act (the "**Court Sanction Date**") and the Effective Date will be read as if they referred to the date on which the Offer becomes or is declared unconditional in all respects.

In this Schedule 1, each of the following words and expressions shall have the following meanings:

"Founder Shares Plan"	means the Target 2022 Restricted Stock Unit Plan, as amended from time to time;
"LTIP"	means the Target 2016 Long Term Incentive Plan, as amended from time to time;
"SAYE Plan"	means the Target Save As You Earn Plan, as amended from time to time;
"Target Employees"	means the employees of Target and the employees of members of the Target Group from time to time;
"Target Remuneration Committee"	means the remuneration committee of the board of directors of Target; and
"Target Share Plans"	means the LTIP, the Founder Shares Plan and the SAYE Plan.

Target confirms that, as at the date of this Agreement, the following options and awards were outstanding under the Target Share Plans:

Target Share Plan	Number of Target Shares subject to outstanding options/awards	Exercise price per Target Share
LTIP – 2016 grant	43,270 tax advantaged options and 29,865 non-tax advantaged options	£1.48
LTIP – 2021 grant	2,325,182 options	£0.001
Founder Shares Plan	159,422 options	£0.001
SAYE Plan – 2020 grant	125,369 options	£2.78
SAYE Plan – 2021 grant	124,302 options	£3.80
SAYE Plan – 2023 grant	1,359,480 options	£1.68
TOTAL	4,166,890 options	

1. GENERAL

- 1.1 Subject to applicable confidentiality, legal and regulatory requirements, Bidder and Target agree to co-operate with one another to allow the Target to prepare one or more communications to the participants in the Target Share Plans (including to enable Bidder to make appropriate proposals, where applicable, to the participants in the Target Share Plans, as provided for in Rule 15 of the Code (the "**Proposals**", each a "**Proposal**")) and for the Target to send, or arrange for the sending of such communications to relevant participants on or as soon as is reasonably practicable after the posting of the Scheme Document (or such later date as may be agreed with the Panel).
- 1.2 Target has confirmed that the only share incentive arrangements it operates as at the date of this Agreement are the Target Share Plans and has provided Bidder with accurate details of all subsisting options and awards to acquire Target Shares under the Target Share Plans and any options and awards to acquire Target Shares it intends to grant under the Target Share Plans, or otherwise, prior to the Effective Date (including as set out in paragraph 2.5 below), including, for the avoidance of doubt, 'phantom' or cash-settled options and awards as at the date of this Agreement.
- 1.3 Bidder agrees that where any of the Target Share Plans provides for the exercise of discretion (including in respect of performance conditions), the exercise of any such discretion shall be a matter solely for the Target Remuneration Committee, acting reasonably, and the Target Remuneration Committee agrees that it will exercise its discretion in a manner that is consistent with this Schedule 2.
- 1.4 Bidder acknowledges that, before the Effective Date, Target may continue to operate the Target Share Plans in accordance with their terms and Target's normal practice. For the avoidance of doubt, the operation of the Target Share Plans includes (without limitation): granting awards, determining the extent to which awards vest and satisfying the vesting of awards under the Target Share Plans and Bidder acknowledges that, subject to paragraph 1.2 above, Target may grant awards to Target Employees who do not currently hold awards under the LTIP and the Founder Share Plan where to do so is in the ordinary course of business and consistent with normal Target practice and the rules of the Target Share Plans. However, as at the date of this Agreement, Target confirms that it has no current intention to grant any further awards under any of the Target Share Plans, save as provided at paragraph 2.6 below.
- 1.5 Bidder agrees that, from the date of this Agreement, Target may satisfy the exercise of any options or the vesting of awards granted under the Target Share Plans (except for cash-settled awards) with newly issued Target Shares or Target Shares held in treasury.
- 1.6 If the Acquisition is effected by way of a Scheme, Bidder and Target agree that:
 - 1.6.1 the Scheme Record Time (as defined in the Announcement) shall take place after the Court Sanction Date, to allow sufficient time for those participants in the Target Share Plans who acquire Target Shares on or before the Court Sanction Date to have those Target Shares acquired by Bidder and dealt with through the Scheme; and
 - 1.6.2 shareholder approval will be sought to amend the articles of association of Target by the adoption and inclusion of a new article under which any Target Shares issued or transferred after the Target General Meeting shall either be subject to the Scheme or (after the Effective Date) be immediately transferred to Bidco (or as it may direct) in exchange for the same consideration as is due under the Scheme.
- 1.7 Target and Bidder agree that, subject to paragraph 1.3 above, it is proposed that the treatment of options and awards under the Target Share Plans shall be as set out in paragraphs 2 to 4 below.

2. LTIP AWARDS

- 2.1 Awards (whether in the form of nil-cost options or market-value options) granted under the LTIP are outstanding at the date of this Agreement over 2,398,317 Target Shares ("**LTIP**

Awards"), of which market-value options granted in 2016, comprising both tax advantaged and non-tax advantaged options, over 73,135 Target Shares (the "**2016 LTIP Awards**") are already vested and exercisable. Nominal cost options granted in 2021 over 2,325,182 Target Shares (the "**2021 LTIP Awards**") are currently outstanding.

- 2.2 The Proposal to participants who hold 2016 LTIP Awards, all of which have vested but not yet been exercised, will be to exercise their options to the fullest extent possible and participate in the Scheme in respect of any resulting Target Shares.
- 2.3 Bidder acknowledges that the extent to which outstanding 2021 LTIP Awards will vest on sanction of the Scheme by the Court shall be determined at the sole discretion of the Target Remuneration Committee. Bidder acknowledges that the Target Remuneration Committee currently intends for the 2021 LTIP Awards to vest in full. The Proposal to participants who hold 2021 LTIP Awards will be to exercise their options to the fullest extent possible and participate in the Scheme in respect of any resulting Target Shares, save that the Partial Share Alternative (as defined in the Announcement) will to the extent permitted not be made available to such participants.
- 2.4 Bidder acknowledges that participants may exercise their LTIP Awards from the Court Sanction Date (to the extent the LTIP Awards are not already vested) for up to (i) 20 days after the Court Sanction Date in the case of tax advantaged options and (ii) six months after the Court Sanction Date in the case of non-tax advantaged options. To the extent not exercised by the end of the applicable period, LTIP Awards shall lapse.
- 2.5 Participants shall be offered the ability to fund the exercise price of their 2016 LTIP Awards and 2021 LTIP Awards from the consideration receivable for their Target Shares under the Scheme, which will be withheld by the Target.
- 2.6 Bidder acknowledges that a number of awards under the LTIP have been contractually agreed with employees but not yet granted, in aggregate in respect of 568,667 Target Shares. Bidder agrees that Target may grant such awards in advance of the Court sanctioning the Scheme or, if Target considers it not to be practicable to do so, may make a cash payment to such participants following the Court sanctioning the Scheme equal to the Offer Price per Target Share less any applicable exercise price that such participants would have received had the awards been granted and treated as fully vested.

3. **FOUNDER SHARES PLAN AWARDS**

- 3.1 Awards in the form of nominal-cost options granted under the Founder Shares Plan are outstanding at the date of this Agreement over 159,422 Target Shares ("**FSP Awards**").
- 3.2 Bidder acknowledges that the extent to which outstanding FSP Awards will vest on sanction of the Scheme by the Court shall be determined at the sole discretion of the Target Remuneration Committee. Bidder acknowledges that the Target Remuneration Committee currently intends for the FSP Awards to vest in full. The Proposal to participants who hold FSP Awards will be to exercise their options to the fullest extent possible and participate in the Scheme in respect of any resulting Target Shares, save that the Partial Share Alternative (as defined in the Announcement) will to the extent permitted not be made available to such participants.
- 3.3 Bidder acknowledges that participants may exercise their FSP Awards from the Court Sanction Date for up to six months after the Court Sanction Date. To the extent not exercised by the end of the applicable period, FSP Awards shall lapse.
- 3.4 Participants shall be offered the ability to fund the exercise price of their FSP Awards from the consideration receivable for their Target Shares under the Scheme.
- 3.5 Bidder acknowledges that Target had intended to make a grant of FSP awards in 2023 but that such awards have not yet been granted. Bidder agrees that Target will instead make an aggregate cash payment of up to £1.7 million to eligible employees following the Court sanctioning the Scheme.

4. **SAYE PLAN AWARDS**

- 4.1 Options granted under the SAYE Plan are outstanding at the date of this Agreement over 1,609,151 Target Shares ("**SAYE Options**").
- 4.2 The Proposal to participants in the SAYE Plan with an exercise price per Target Share below the Offer Price will be to exercise their SAYE Options to the fullest extent possible (which, under the terms of the SAYE Plan, shall be limited to the amount of the savings made under the related savings contract at the time of exercise) and participate in the Scheme in respect of their resulting Target Shares, save that the Partial Share Alternative (as defined in the Announcement) will to the extent permitted not be made available to such participants. No Proposal will be made to participants who hold SAYE Options which have an exercise price per Target Share above the Offer Price.
- 4.3 Bidder acknowledges that participants may exercise their SAYE Options from the Court Sanction Date for up to 20 days after the Court Sanction Date. To the extent not exercised by the end of such period, SAYE Options shall lapse.
- 4.4 Bidder agrees that Target may make an additional payment to each participant in the SAYE Plan in respect of those options with an exercise price per Target Share below the Offer Price equal to (i) the difference between the Offer Price per Target Share and the exercise price per share of the participant's option, multiplied by (ii) the number of Target Shares under the proportion of the option which lapses. The payment will be made subject to deduction and withholding for income tax and National Insurance contributions arising in respect of such payment.

5. **ANNUAL BONUS**

Bidder acknowledges that bonus determinations for the Target financial year ended 2 July 2024 for Target Employees will be undertaken by the Target Board and agrees that bonuses will be paid by Target consistent with Target's normal practice, on or around the normal bonus payment dates, including payments due to be made in January and July 2024. Bidder acknowledges that Target will satisfy contractually-agreed guaranteed bonus payments made to Target Employees for the Target financial year ended 2 July 2024.

6. **AMENDMENTS TO THE TARGET SHARE PLANS**

Save as otherwise provided in this Schedule 1 and subject to Rule 21 of the Code and the Target's directors' remuneration policy, without the prior agreement of Bidder, the board of directors of Target (or where appropriate the Target Remuneration Committee) will not amend the rules of any Target Share Plan (and/or the terms of any options and/or awards granted under them).

7. **PARTICIPANTS WHO CEASE OR WHO HAVE CEASED TO BE TARGET EMPLOYEES**

Participants in the Target Share Plans who have ceased to be Target Employees, as at the date of this Agreement, but who have been permitted to retain their options in accordance with the rules of the applicable Target Share Plan will be subject to the terms of this Schedule 1 in respect of those options. Participants in the Target Share Plans who cease (or give or receive notice to cease) to be Target Employees between the date of this Agreement and the Effective Date, shall be treated in accordance with (i) the leaver provisions contained in the applicable Target Share Plan, and (ii) normal Target practice and, subject to the foregoing, if they are permitted to retain all or a proportion of their options following the cessation of their employment, they shall also be subject to the terms of this Schedule 2 (unless otherwise agreed between Target and Bidder).

8. **TAX DEDUCTIONS AND WITHHOLDINGS**

Any payments made by Bidder for Target Shares or in lieu of Target Shares acquired pursuant to the LTIP or FSP shall be made to the relevant Target employing company on behalf of the participants in order for the employing company to deduct all applicable income tax and social security contributions (or, in each case, similar liabilities in any jurisdiction) as required by law and any exercise price owing to Target.

9. **EMPLOYMENT ARRANGEMENTS**

Bidder acknowledges that Target may carry out annual (or other periodic) pay reviews, appraisals and promotion rounds in the ordinary course of business. Bidder confirms that Target's employees' existing contractual and statutory employment rights, including regarding pensions, will be fully safeguarded in accordance with applicable law.

10. **PANEL SUBMISSIONS**

Target agrees to consult with Bidder in connection with the content of any submission made to, and any related consultations and/or communications with, the Panel in connection with the agreements set out in this Schedule.

SCHEDULE 2
ANNOUNCEMENT

SCHEDULE 2
ANNOUNCEMENT

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION.

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION
FOR IMMEDIATE RELEASE**

16 November 2023

**RECOMMENDED CASH ACQUISITION
of
HOTEL CHOCOLAT GROUP PLC
by
HIVE BIDCO, INC.**

a wholly-owned indirect subsidiary of Mars, Incorporated,

**to be implemented by means of a scheme of arrangement under Part 26 of the
Companies Act 2006**

Summary

- The boards of directors of Hive Bidco, Inc. (“**Bidco**”) and Hotel Chocolat Group plc (“**Hotel Chocolat**”) are pleased to announce that they have reached agreement on the terms of a recommended cash acquisition, pursuant to which Bidco, a wholly-owned indirect subsidiary of Mars, Incorporated (“**Mars**”), will acquire the entire issued and to be issued ordinary share capital of Hotel Chocolat (the “**Acquisition**”). It is intended that the Acquisition will be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.
- Under the terms of the Acquisition, which will be subject to the Conditions and further terms set out in Appendix 1 to this announcement and to the full terms and conditions which will be set out in the Scheme Document, each Hotel Chocolat Shareholder at the Scheme Record Time will be entitled to receive:

for each Hotel Chocolat Share 375 pence in cash (the “Cash Offer”)
- The Cash Offer values the entire issued and to be issued share capital of Hotel Chocolat at approximately £534 million on a fully diluted basis.
- The Cash Offer represents a premium of approximately:
 - 169.8 per cent. to Hotel Chocolat’s share price of 139 pence at the close of business on 15 November 2023, being the last Business Day prior to the date of this announcement.
 - 194.2 per cent. to the volume-weighted average price of 127 pence per Hotel Chocolat Share for the 60-day period ended at the close of business on 15

November 2023, being the last Business Day prior to the date of this announcement.

- 144.3 per cent. to the volume-weighted average price of 154 pence per Hotel Chocolat Share for the 12 month period ended at the close of business on 15 November 2023, being the last Business Day prior to the date of this announcement.
- As an alternative to the Cash Offer, eligible Hotel Chocolat Shareholders may elect to receive one unlisted share of Class B stock of Bidco (a “**Rollover Share**”) for each Hotel Chocolat Share (the “**Partial Share Alternative**”), such Rollover Shares to be issued on the terms and pursuant to the mechanism described in paragraphs 13 and 14 and Appendix 4 of this announcement. Eligible Hotel Chocolat Shareholders will be able to elect for the Partial Share Alternative in relation to some or all of their holdings of Hotel Chocolat Shares, subject to any such election being in respect of at least the Minimum Rollover Threshold (as defined in paragraph 2 of this announcement). In aggregate, the maximum number of Rollover Shares available to be issued to eligible Hotel Chocolat Shareholders under the Partial Share Alternative will be limited to the equivalent of 30 per cent. of the Bidco Offer Shares (as defined in paragraph 14 of this announcement). The key terms and conditions of the Partial Share Alternative are summarised in paragraph 13 of this announcement and a more detailed summary of the rights attaching to the Rollover Shares is set out in Appendix 4 to this announcement. The Rollover Shares will not be listed nor transferable (subject to certain limited exceptions). An estimate by Morgan Stanley (as financial adviser to Bidco) of the value of a Rollover Share, together with the assumptions, qualifications and caveats forming the basis of its estimate of value, will be set out in a letter to be included in the Scheme Document.
- If, on or after the date of this announcement and prior to the Effective Date, any dividend and/or other distribution and/or other return of capital or value is announced, declared, made or paid or becomes payable in respect of the Hotel Chocolat Shares, Bidco reserves the right to reduce the consideration due pursuant to the Cash Offer (and, as the case may be, the consideration due under the Partial Share Alternative) under the terms of the Acquisition at such date by an amount up to the amount of such dividend and/or distribution and/or return of capital or value. In such circumstances, Hotel Chocolat Shareholders shall be entitled to retain any such dividend, distribution, or other return of value declared, made or paid.

Background to and reasons for the Acquisition

- Mars has long admired Hotel Chocolat’s impressive credentials as a contemporary, premium brand with a differentiated product offering, world-class product quality and strong direct-to-consumer capabilities through its physical store presence and sophisticated digital commerce platform.
- Mars believes that Hotel Chocolat and Mars are culturally aligned, with shared values of quality, sustainability and purpose among their guiding principles. Mars’ stated purpose is “the world we want tomorrow starts with how we do business today” and it shares the passion and conviction in Hotel Chocolat’s mission, “to make people and nature happy through reinventing chocolate”.

- Mars believes it is well-positioned to support Hotel Chocolat's next growth phase with its international footprint, global supply chain and extensive commercial relationships, which could provide the Hotel Chocolat brand with an enhanced platform for growth in the UK and potentially in new geographies.
- Mars has a strong track record of nurturing entrepreneurial brands, including KIND, Nature's Bakery and Tru Fru. Mars believes that it can support Hotel Chocolat's founders and management team, who it holds in high regard, to generate long-term value for the benefit of all stakeholders, whilst maintaining Hotel Chocolat's brand and supporting its continued delivery of high quality, premium products to consumers.
- Mars considers that the Acquisition would further strengthen its commitment to the UK market (where it has operated since 1932 and today employs c.10k people), bringing a much-loved brand into its portfolio and deepening its relationships with consumers. The UK has been an important market for Mars, and it expects this to be complemented by the acquisition of Hotel Chocolat, with its distinctive capabilities in product development, luxury gifting and immersive brand experiences.
- Mars believes that it is ideally positioned to support Hotel Chocolat's long-term strategic objectives with better access to committed, long-term capital, and to provide Hotel Chocolat's management team and employees with a supportive environment within a like-minded, entrepreneurial, purpose-led, family-owned business.

Recommendation

- The Hotel Chocolat Directors, who have been so advised by Lazard and Liberum as to the financial terms of the Cash Offer, consider the terms of the Cash Offer to be fair and reasonable. In providing their financial advice to the Hotel Chocolat Directors, Lazard and Liberum have each taken into account the commercial assessments of the Hotel Chocolat Directors. Lazard is providing independent financial advice to the Hotel Chocolat Directors for the purposes of Rule 3 of the Code.
- Accordingly, the Hotel Chocolat Directors intend to unanimously recommend Hotel Chocolat Shareholders to vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) as they have irrevocably undertaken to do in respect of their Hotel Chocolat Shares (representing, in aggregate, approximately 54.2 per cent. of the issued ordinary share capital of Hotel Chocolat as at 15 November 2023, being the last Business Day prior to this announcement).
- For the reasons described below, the Hotel Chocolat Directors are not making any recommendation to holders of Hotel Chocolat Shares in relation to the Partial Share Alternative. In considering the terms of the Partial Share Alternative, Lazard, Liberum and the Hotel Chocolat Directors have identified certain key disadvantages and advantages of electing for the Partial Share Alternative outlined below:

Disadvantages of electing for the Partial Share Alternative

- The Rollover Shares will be:

- unlisted and will not be admitted to trading on any stock exchange or market for the trading of securities and will therefore be illiquid. Any assessment of the value of the Rollover Shares should therefore take into account an individual shareholder's assessment of an appropriate liquidity discount;
 - subject to a five-year lock-up restriction, during which they can only be transferred in very limited circumstances, and thereafter will be subject to a right of first refusal in favour of Mars Snacking Holdings and certain other restrictions (including, but not limited to, in respect of the identity of the proposed transferee and requirements in respect of compliance with anti-money laundering, anti-bribery and corruption and anti-sanctions checks and receipt of necessary regulatory approvals (if applicable)); and
 - of uncertain value and there can be no assurance that they will be capable of being sold in the future (other than pursuant to the put and call options described in Appendix 4) or that they will be capable of being sold at the value to be estimated by Morgan Stanley in the Scheme Document.
- The amount payable by Mars Snacking Holdings to Rollover Shareholders in respect of any purchase of Rollover Shares on the exercise of any of the put or call options described in Appendix 4 will depend on the future performance of the Hotel Chocolat business under the Bidco Group's ownership. This remains uncertain and could result in the amount received being less than the cash consideration foregone under the Cash Offer.
 - Upon the Effective Date, the Bidco Group will be controlled by Mars Snacking Holdings. Holders of the Rollover Shares, which will not carry any general voting rights at general meetings of Bidco nor the right to receive a copy of or vote on any written resolutions of shareholders of Bidco and will have consent rights only in respect of a very limited number of reserved matters (exercisable only by a supermajority of Rollover Shareholders), will therefore have no influence over decisions made by Bidco in relation to its investment in Hotel Chocolat or in any other business.
 - Individual Rollover Shareholders will have limited control over the date(s) on and value(s) at which they may be able to realise their investment in the Bidco Group and, in particular, only Original Rollover Shareholders holding 5 per cent. or more of the Bidco Shares issued at or around the Effective Date may defer the exercise of their put option rights in any Interim Option Exercise Period.
 - The rights of Rollover Shareholders to participate in future issues of securities by Bidco will be subject to certain exceptions (including those described in paragraph 8 of Appendix 4) which may result in them suffering significant dilution.
 - The percentage ownership of Bidco attributable to Hotel Chocolat Shareholders who elect for the Partial Share Alternative, but do not

subsequently provide the cash funds required to accept their entitlements pursuant to any further issue of securities by Bidco in the period following the Effective Date, would be significantly reduced.

- The Hotel Chocolat Shares are currently admitted to trading on AIM and Hotel Chocolat Shareholders are afforded certain standards and protections, including in respect of disclosure, as a result. Hotel Chocolat Shareholders who receive Rollover Shares (being unlisted securities in a private company) will not be afforded protections commensurate with those that they currently benefit from as shareholders in Hotel Chocolat, including because Bidco intends to rely on an exemption from registration under US securities laws and will therefore not be registering the Rollover Shares with the US Securities and Exchange Commission. Except for the information to be provided to the Rollover Shareholder Representative (but not to other Rollover Shareholders) in connection with the put and call options as described in Appendix 4, neither the Bidco Organisational Documents nor the Bidco Shareholders' Agreement will provide holders of Rollover Shares with information rights.
- Payments in respect of Rollover Shares will not be guaranteed or secured and it is not anticipated that Bidco will declare or pay any distributions on any of the Rollover Shares prior to the end of the Final Option Exercise Period described in Appendix 4.
- Hotel Chocolat Shareholders will have no certainty as to the amount of Rollover Shares they would receive because:
 - the maximum number of Rollover Shares available to Hotel Chocolat Shareholders under the Partial Share Alternative will be limited to the equivalent of 30 per cent. of the Bidco Offer Shares; and
 - to the extent that elections for the Partial Share Alternative cannot be satisfied in full, the number of Rollover Shares to be issued to each eligible Hotel Chocolat Shareholder who has elected for the Partial Share Alternative will be reduced on a pro rata basis, and the consideration for each Hotel Chocolat Share that is not exchanged for Rollover Shares will be paid in cash in accordance with the terms of the Cash Offer.

Advantages of electing for the Partial Share Alternative

- The Partial Share Alternative allows eligible Hotel Chocolat Shareholders to invest directly in Bidco, providing continued economic exposure to Hotel Chocolat under private ownership.
- The Partial Share Alternative will entitle eligible Hotel Chocolat Shareholders to sell their Rollover Shares during certain pre-defined option exercise periods pursuant to the put options summarised in Appendix 4 below, which may ultimately result in the cash amount received per Hotel Chocolat Share being more than under the Cash Offer (although this cannot be guaranteed).

- From completion of the Acquisition, the Rollover Shares will rank economically *pari passu* with the investment in Bidco by Mars Snacking Holdings, and will carry a pro rata entitlement to dividends, distributions and returns of capital.
- Lazard and Liberum are unable to advise the Hotel Chocolat Directors as to whether or not the financial terms of the Partial Share Alternative are fair and reasonable. This is because Lazard and Liberum have not had any involvement in the development and validation of any financial projections for Bidco. As a result, Lazard and Liberum are unable to assess any plans Bidco may have for the development of Hotel Chocolat or the Bidco Group to the degree necessary to form an assessment of the value of the Partial Share Alternative. Lazard and Liberum also note the significant and variable impact that the disadvantages and advantages of the Partial Share Alternative may have for individual eligible Hotel Chocolat Shareholders. In terms of the advantages, these include, in particular, the ability to participate in the potential future value creation of the Hotel Chocolat Group. In terms of the disadvantages, these include, in particular, the level of uncertainty in their future value which will depend on the performance of Hotel Chocolat over a number of years which itself will be impacted by the business plan and strategy of the business under Bidco's control, as well as the terms of the Rollover Shares including the fact that they are illiquid and subject to a five-year lock-up period, the potential dilution that would result if a Hotel Chocolat Shareholder did not fund their pre-emptive entitlement pursuant to any further issue of securities by Bidco in the period following the Effective Date and the fact that the Rollover Shares do not carry voting rights other than on very limited reserved matters.
- Accordingly, the Hotel Chocolat Directors are unable to form an opinion as to whether or not the terms of the Partial Share Alternative are fair and reasonable and are not making any recommendation to eligible Hotel Chocolat Shareholders as to whether or not they should elect for the Partial Share Alternative.
- Hotel Chocolat Shareholders are encouraged to take into account the key advantages and disadvantages outlined above and in paragraph 4 in relation to the Partial Share Alternative, as well as their particular circumstances, when deciding whether to elect for the Partial Share Alternative in respect of all or part of their holding in Hotel Chocolat Shares (subject to any such election being in respect of at least the Minimum Rollover Threshold). Hotel Chocolat Shareholders should also ascertain whether acquiring or holding Rollover Shares is affected by the laws of the relevant jurisdiction in which they reside and consider whether Rollover Shares are a suitable investment in light of their own personal circumstances. Accordingly, Hotel Chocolat Shareholders are strongly recommended to seek their own independent financial, tax and legal advice in light of their own particular circumstances and investment objectives before deciding whether to elect for the Partial Share Alternative. Any decision to elect for the Partial Share Alternative should be based on any such independent financial, tax and legal advice and full consideration of the information in this announcement and the Scheme Document (when published).

Background to and reasons for the recommendation

- Over the last 20 years, Hotel Chocolat has evolved to become one of the UK's leading premium chocolate brands. Hotel Chocolat is known not only for its high quality "More

Cacao Less Sugar” products, but also for the values of originality, authenticity and ethical behaviour which are at the core of its business. Since the Hotel Chocolat business was founded, innovation has remained at the forefront of what Hotel Chocolat strives for. New products such as the Velvetiser drinking chocolate system have ensured that the business continues to resonate with its customers. Hotel Chocolat manufactures the vast majority of its chocolate products at its UK-based innovation centre in Cambridgeshire and enjoys a direct relationship with its millions of UK customers through its growing network of stores, an online channel and selected resale partners. Areas of international growth for Hotel Chocolat include the US digital subsidiary business, the cocoa agro-tourism Saint Lucian subsidiary business and Hotel Chocolat's minority shareholding in the Japanese brand licence partnership. Since Hotel Chocolat's initial listing on AIM in 2016, Hotel Chocolat's revenues have grown by 124.5 per cent. to approximately £205 million in the 53-week period ended 2 July 2023.

- Hotel Chocolat's disappointing financial results for the 53-week period ended 2 July 2023 reflected a year of intensive re-shaping to deal with the consequences of Hotel Chocolat's previous fast growth. In the first quarter of the current financial year, Hotel Chocolat's revenue growth has benefited from opportunities available through opening more stores in the UK and extending the Hotel Chocolat brand into new product categories. The Hotel Chocolat Directors believe the Hotel Chocolat brand, with its exciting range of products, has potential for substantial growth outside the UK in the years ahead.
- While this growth potential has previously been recognised by the market and reflected in the Hotel Chocolat share price, over the last year or two it has become clear to the Hotel Chocolat Directors that achieving this potential will require substantial investment and time. In particular, the need for, and cost of, the recent reorganisation of Hotel Chocolat's initial expansion into the US and Japan illustrates the scale of the challenge to grow the Hotel Chocolat brand internationally. While the Hotel Chocolat Directors believe that Hotel Chocolat could realise the full potential of the Hotel Chocolat brand on a standalone basis in the UK in the medium term, in order to achieve its overseas growth ambitions in the near to medium term in a way that would capture the full value for Hotel Chocolat Shareholders would require a level of investment that is likely to exceed that available from its own resources.
- Whilst Hotel Chocolat is making good progress implementing a three year plan to re-shape its future business and the Hotel Chocolat Directors consider that the recent share price does not accurately reflect the underlying value and potential of Hotel Chocolat, the Hotel Chocolat Directors nevertheless believe that it is right to recommend Bidco's highly attractive offer for the following reasons:
 - The Cash Offer price at 375 pence per share values the entire issued and to be issued share capital of Hotel Chocolat at approximately £534 million on a fully diluted basis and implies an enterprise value of £570 million and a multiple of approximately 23.7 times Underlying EBITDA for the 53-week period ended 2 July 2023.
 - The Cash Offer provides an opportunity for Hotel Chocolat Shareholders to achieve a substantial premium to the current Hotel Chocolat Share price, a

premium to the 2021 placing price of 355 pence per Hotel Chocolat Share and is well above typical public market offer premiums.

- The Cash Offer price represents a premium of approximately:
 - 169.8 per cent. to Hotel Chocolat's share price of 139 pence at the close of business on 15 November 2023, being the last Business Day prior to the date of this announcement.
 - 194.2 per cent. to the volume-weighted average price of 127 pence per Hotel Chocolat Share for the 60-day period ended at the close of business on 15 November 2023, being the last Business Day prior to the date of this announcement.
 - 144.3 per cent. to the volume-weighted average price of 154 pence per Hotel Chocolat Share for the 12 month period ended at the close of business on 15 November 2023, being the last Business Day prior to the date of this announcement.
- The Hotel Chocolat Directors believe the Cash Offer also appropriately reflects the value of the potential growth of Hotel Chocolat on a standalone basis over the medium term and provides an opportunity for Hotel Chocolat Shareholders to realise their investment in Hotel Chocolat, in cash, at a highly attractive price. The certainty of the Cash Offer should be weighed against the uncertainty of the value which may be delivered through the Partial Share Alternative and the risks inherent in executing successfully on the future strategy of Hotel Chocolat as an independent listed company.
- Notwithstanding the positive management action and encouraging revenue growth resulting from Hotel Chocolat's recent UK store expansion programme, the Hotel Chocolat Directors acknowledge that the challenging macro-economic environment, particularly in the discretionary consumer space, may expose Hotel Chocolat to an element of risk in achieving its credible but ambitious business plan targets.
- If Hotel Chocolat continues as a listed company, it is likely to be difficult in the short to medium term for Hotel Chocolat to raise the significant equity funding required to expand the business internationally in a way that captures more of the potential value for shareholders. Expanding into new territories through an asset and investment light model by way of partners providing funding is likely to result in much of the benefit of such growth being realised by the partners rather than Hotel Chocolat.
- With substantially all of Hotel Chocolat's free cash likely to be required for re-investment into Hotel Chocolat's growth strategy for the foreseeable future, it is likely to be some time before Hotel Chocolat is in a position to be able to pay a significant dividend.
- The Hotel Chocolat Directors believe that Mars would be an excellent steward of the Hotel Chocolat brand. Mars has expressed its excitement about the long-term prospects of the Hotel Chocolat business and has been clear that it intends

to continue to support Hotel Chocolat's business in the UK and to explore opportunities to grow the Hotel Chocolat brand outside the UK. Mars shares similar values to Hotel Chocolat, including in key areas such as quality and sustainability, and has agreed a cash price for Hotel Chocolat that the Hotel Chocolat Directors believe recognises Hotel Chocolat's impressive credentials as a premium chocolate brand and its ethical farming and environmental practices that are considered to be important by many consumers in today's market.

- The Hotel Chocolat Directors also believe that Mars is well positioned to support Hotel Chocolat in its next phase of growth and continue to invest in the business to improve the sustainable long-term value of the Hotel Chocolat business. The Hotel Chocolat Directors believe that the Hotel Chocolat brand would benefit from better access to committed, long-term capital as part of a like-minded, entrepreneurial, purpose-led, family-owned business. The Hotel Chocolat Directors welcome Mars' stated intentions for the broader business, management, employees and business footprint of Hotel Chocolat.
- As a result of all of the above, the Hotel Chocolat Directors believe the Acquisition will allow Hotel Chocolat to achieve growth faster and more sustainably than Hotel Chocolat would be able to achieve alone.
- Accordingly, following careful consideration of the above factors, the Hotel Chocolat Directors intend to unanimously recommend the Cash Offer to Hotel Chocolat Shareholders.

Shareholder support

- Bidco has received commitments and indications of support for the Acquisition from Hotel Chocolat Shareholders in respect of 95,753,759 Hotel Chocolat Shares representing, in aggregate, approximately 69.6 per cent. of the existing issued ordinary share capital of Hotel Chocolat as at 15 November 2023, being the last Business Day prior to this announcement. These commitments and indications comprise irrevocable undertakings in respect of 88,875,376 Hotel Chocolat Shares representing, in aggregate, approximately 64.6 per cent. of the existing issued ordinary share capital of Hotel Chocolat and a non-binding letter of intent in respect of 6,878,383 Hotel Chocolat Shares representing approximately 5.0 per cent. of the existing issued ordinary share capital of Hotel Chocolat, in each case as at 15 November 2023, being the last Business Day prior to this announcement.
- The irrevocable undertakings include irrevocable undertakings from each Founder, a related trust of each Founder and the other Hotel Chocolat Directors who are interested in Hotel Chocolat Shares to vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) in respect of 74,525,727 Hotel Chocolat Shares owned or controlled by them representing, in aggregate, approximately 54.2 per cent. of the existing issued ordinary share capital of Hotel Chocolat as at 15 November 2023, being the last Business Day prior to this announcement. Each Founder and a related trust of one of the Founders have also undertaken to elect for the Partial Share Alternative in respect of an aggregate of

42,699,969 Hotel Chocolat Shares as described in paragraph 6 and Appendix 3 of this announcement.

- In addition, these commitments and indications include an irrevocable undertaking and a non-binding letter of intent from Phoenix Asset Management Partners Limited (“**Phoenix**”) to vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept the Takeover Offer). The Phoenix Irrevocable Undertaking (as defined in paragraph 6) and the non-binding letter of intent are in respect of, in aggregate, all Hotel Chocolat Shares under Phoenix’s investment management control representing, in aggregate, approximately 15.4 per cent. of the existing issued ordinary share capital of Hotel Chocolat as at 15 November 2023, being the last Business Day prior to this announcement.
- Further details of these irrevocable undertakings (including the circumstances in which they may lapse) and the non-binding letter of intent are set out in Appendix 3 to this announcement.

Timetable and conditions

- The Scheme and Acquisition will be subject to the terms and conditions set out in this announcement and to be set out in full in the Scheme Document, including amongst other things the satisfaction or (where applicable) waiver of the Conditions and certain further terms referred to in Appendix 1 to this announcement. In relation to the Scheme, this includes, among others:
 - the approval of the Scheme by a majority in number of, representing not less than 75 per cent. in value of the Hotel Chocolat Shares voted by, Scheme Shareholders present and voting and entitled to vote, either in person or by proxy, at the Court Meeting;
 - the approval of the Resolutions by the requisite majority of Hotel Chocolat Shareholders at the General Meeting; and
 - the sanction of the Scheme by the Court.
- It is expected that the Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and General Meeting, together with the Forms of Proxy and Form of Election, will be sent to Hotel Chocolat Shareholders and (for information only) participants in the Hotel Chocolat Share Schemes within 28 days of this announcement (or such later time as Hotel Chocolat, Bidco and the Panel agree).
- The Scheme is expected to be effective in Q1 2024, subject to the satisfaction or (where applicable) waiver of all relevant conditions, including the Conditions. An expected timetable of key events relating to the Acquisition will be provided in the Scheme Document.
- Commenting on today’s announcement, Angus Thirlwell, Chief Executive Officer of Hotel Chocolat said:

“Hotel Chocolat’s brand destiny is to become a leading premium chocolate brand in major markets through reinventing chocolate for people and nature. In Mars we have

found a true meeting of minds - in strong cultural values, bold strategy and true long-termism.

Our Gentle Farming programme has got off to a promising start and we truly believe it can help make cocoa agriculture right for nature and for people. Joining forces with Mars to achieve an increased positive impact, is a huge attraction for us.

We know our brand resonates with consumers overseas, but operational supply chain challenges have held us back. By partnering with Mars, we can grow our international presence much more quickly using their skills, expertise and capabilities.

The pillars on which we have built the Hotel Chocolat brand – originality, authenticity and ethical trading, is precisely what brought Hotel Chocolat and Mars together and our intention is to strengthen and invest behind these. I’m excited about the future of the business and in Mars we have found an excellent long-term steward of the Hotel Chocolat brand and everything we stand for.”

- Commenting on today’s announcement, Stephen Alexander, Chair of Hotel Chocolat said:

“Hotel Chocolat is a brand with strong long-term prospects and today’s deal will allow it to grow further and faster. Joining forces with Mars will deliver great value through the Cash Offer for Hotel Chocolat shareholders and the combination will create exciting opportunities for Hotel Chocolat employees as part of Mars.”

- Commenting on today’s announcement, Andrew Clarke, Global President of Mars Snacking, said:

“We have long admired the fantastic business that Angus, Peter and the Hotel Chocolat team have created. Hotel Chocolat is a differentiated and much-loved brand, with an impressive product offering and a deep commitment to its values of originality, authenticity and ethical trading. The Mars and Hotel Chocolat businesses are highly complementary, and during the course of our discussions with Hotel Chocolat’s leadership it has also become clear that there is a very strong cultural fit - with purpose at the heart of both organisations, and a shared passion for quality and sustainability.

Mars has a long and proud history in the UK, and today’s announcement further strengthens our commitment to this important market by bringing an exciting brand into our portfolio and deepening our relationship with consumers. Building on the strong foundations that Angus, Peter and their team have established, we are very excited to support Hotel Chocolat’s next phase of growth.

We are confident that Mars will be an excellent long-term home for Hotel Chocolat, providing a like-minded, entrepreneurial and purpose-led environment in which to maximise the potential of the Hotel Chocolat brand which is already so beloved by consumers.”

This summary should be read in conjunction with, and is subject to, the full text of the following announcement (including its Appendices). The Acquisition will be subject to the Conditions and certain further terms herein and set out in Appendix 1 and to the full terms and conditions to be set out in the Scheme Document. Appendix 2 contains the sources and bases of certain information contained in this summary and the following

announcement. Appendix 3 contains details of the irrevocable undertakings and the letter of intent received by Bidco. Appendix 4 contains details of Bidco, the Rollover Shares and eligibility to subscribe for the Rollover Shares. Appendix 5 contains the definitions of certain terms used in this summary and the following announcement.

The person responsible for arranging the release of this announcement on behalf of Hotel Chocolat is Angus Thirlwell, Chief Executive Officer.

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Freshfields Bruckhaus Deringer LLP is acting as legal adviser to Bidco and Mars in connection with the Acquisition. Herbert Smith Freehills LLP is acting as legal adviser to Hotel Chocolat in connection with the Acquisition.

Further information

This announcement is for information purposes and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of Hotel Chocolat in any jurisdiction in contravention of applicable law. The Acquisition will be made solely by means of the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, the Offer Document), which will contain the full terms and conditions of the Acquisition including details of how to vote in respect of the Acquisition. Any vote in respect of the Scheme or other response in relation to the Acquisition should be made only on the basis on the information contained in the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, the Offer Document). Hotel Chocolat and Bidco urge Hotel Chocolat Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Acquisition.

This announcement is an advertisement and does not constitute a prospectus or prospectus equivalent.

Please be aware that addresses, electronic addresses and certain other information provided by Hotel Chocolat Shareholders, persons with information rights and other relevant persons for the receipt of communications from Hotel Chocolat may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c).

Morgan Stanley, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively as financial adviser to Bidco and Mars and no one else in connection with the matters contained in this announcement and Morgan Stanley, its affiliates

and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to anyone other than Bidco and Mars for providing the protections afforded to clients of Morgan Stanley nor for providing advice in connection with the matters contained in this announcement or any other matter referred to herein.

Lazard, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively as financial adviser and Rule 3 adviser to Hotel Chocolat and no one else in connection with the Acquisition and will not be responsible to anyone other than Hotel Chocolat for providing the protections afforded to clients of Lazard nor for providing advice in relation to the Acquisition or any other matters referred to herein. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with this announcement, any statement contained herein or otherwise.

Liberum, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Hotel Chocolat and for no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than Hotel Chocolat for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement. Neither Liberum nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Liberum in connection with the Acquisition, this announcement, any statement contained herein or otherwise. No representation or warranty, express or implied, is made by Liberum as to the contents of this announcement.

Overseas jurisdictions

The release, publication or distribution of this announcement in or into jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular the ability of persons who are not resident in the United Kingdom, to vote their Hotel Chocolat Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This announcement has been prepared for the purposes of complying with English law, the AIM Rules and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside of England.

Copies of this announcement and formal documentation relating to the Acquisition will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any

Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of Takeover Offer (unless otherwise permitted by applicable law or regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

The availability of the Acquisition (including the Partial Share Alternative) to Hotel Chocolat Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

The Acquisition shall be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the FCA and the AIM Rules.

Additional information for US investors

The Acquisition is being made to acquire the shares of an English company by means of a scheme of arrangement provided for under English law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Scheme will be subject to disclosure requirements and practices applicable in the UK to schemes of arrangement, which are different from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this announcement and the Scheme documentation has been or will have been prepared in accordance with accounting standards applicable in the United Kingdom and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Bidco exercises its right to implement the acquisition of the Hotel Chocolat Shares by way of a Takeover Offer, such offer will be made in compliance with applicable US laws and regulations.

The receipt of cash pursuant to the Acquisition by a US holder as consideration for the transfer of its Hotel Chocolat Shares pursuant to the Scheme will likely be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as foreign and other, tax laws. Each Hotel Chocolat Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to them.

*The Rollover Shares issued under the Partial Share Alternative will not be registered under the US Securities Act of 1933 (the “**Securities Act**”). Bidco expects to issue the Rollover Shares in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof (“**Section 3(a)(10)**”). Section 3(a)(10) exempts securities issued in specified exchange transactions from the registration requirement under the Securities Act*

where, among other things, the fairness of the terms and conditions of the issuance and exchange of such securities have been approved by a court or governmental authority expressly authorised by law to grant such approval, after a hearing upon the fairness of the terms and conditions of the exchange at which all persons to whom the Rollover Shares are proposed to be issued have the right to appear and receive adequate and timely notice thereof. If Bidco exercises its right to implement the acquisition of the Hotel Chocolat Shares by way of a Takeover Offer, the Rollover Shares will not be offered in the United States except pursuant to an exemption from or in a transaction not subject to registration under the Securities Act.

The Rollover Shares that may be issued pursuant to the Acquisition have not been and will not be registered under the Securities Act or under the relevant securities laws of any state or territory or other jurisdiction of the United States and will not be listed on any stock exchange. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the Partial Share Alternative or determined if the Scheme Document is accurate or complete. Any representation to the contrary is a criminal offence.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act (to the extent applicable), Bidco or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Hotel Chocolat Shares outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made, they would be made outside of the US and would be in accordance with applicable law, including the US Exchange Act and the Code. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com.

Forward looking statements

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Bidco, Mars and Hotel Chocolat contain statements which are, or may be deemed to be, “forward-looking statements”. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco, Mars and Hotel Chocolat about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on Bidco, Mars and Hotel Chocolat, the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “plans”, “expects” or “does not expect”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “goal”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Although Bidco, Mars and Hotel Chocolat believe that the expectations reflected in such forward-looking statements are reasonable, Bidco, Mars and Hotel Chocolat can give no assurance that such expectations will prove to be correct. 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. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions, and any epidemic, pandemic or disease outbreak. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Bidco, Mars nor Hotel Chocolat, nor any of their respective associates or directors, members, managers, partners, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place any reliance on these forward-looking statements. The forward-looking statements speak only at the date of this announcement. All subsequent oral or written forward-looking statements attributable to Bidco or any member of the Wider Bidco Group or the Hotel Chocolat Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above. Other than in accordance with their legal or regulatory obligations, neither Bidco, Mars or Hotel Chocolat is under any obligation, and Bidco, Mars and Hotel Chocolat expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Dealing disclosure requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing

Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

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

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

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

No profit forecasts, estimates or quantified financial benefits statements

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

Rounding

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

General

Bidco reserves the right to elect, with the consent of the Panel and subject to the terms of the Cooperation Agreement, to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme. If the Acquisition is effected by way of a Takeover Offer, and such offer becomes or is declared unconditional and sufficient acceptances are received, Bidco intends to exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act so as to acquire compulsorily the remaining Hotel Chocolat Shares in respect of which the Takeover Offer has not been accepted.

Investors should be aware that Bidco may purchase Hotel Chocolat Shares otherwise than under any Takeover Offer or the Scheme, including pursuant to privately negotiated purchases.

If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor or independent financial adviser duly authorised under

FSMA if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser.

Rule 2.9 of the Code

For the purposes of Rule 2.9 of the Code, Hotel Chocolat confirms that it has in issue 137,597,673 ordinary shares of 0.1 pence each. The ISIN for the shares is GB00BYZC3B04. Hotel Chocolat holds no shares in treasury.

Publication on website and hard copies

A copy of this announcement and the documents required to be published by Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Bidco's website at <https://www.mars.com/news-and-stories/press-releases-statements/recommended-acquisition-of-hotel-chocolat-group-plc> and Hotel Chocolat's website at <https://www.hotelchocolat.com/uk/investor-relations-offer.html> by no later than 12 noon (London time) on the Business Day following publication of this announcement. For the avoidance of doubt, the contents of any websites referred to in this announcement are not incorporated into and do not form part of this announcement.

Hotel Chocolat Shareholders, persons with information rights and participants in the Hotel Chocolat Share Schemes may request a hard copy of this announcement by contacting Equiniti during business hours on +44 (0)371 384 2030 or by submitting a request in writing to Equiniti at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom. If you have received this announcement in electronic form, copies of this announcement and any document or information incorporated by reference into this document will not be provided unless such a request is made.

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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION
FOR IMMEDIATE RELEASE**

16 November 2023

**RECOMMENDED CASH ACQUISITION
of
HOTEL CHOCOLAT GROUP PLC
by
HIVE BIDCO, INC.**

a wholly-owned indirect subsidiary of Mars, Incorporated,

**to be implemented by means of a scheme of arrangement under Part 26 of the
Companies Act 2006**

1. Introduction

The boards of directors of Hive Bidco, Inc. (“**Bidco**”) and Hotel Chocolat Group plc (“**Hotel Chocolat**”) are pleased to announce that they have reached agreement on the terms of a recommended cash acquisition, pursuant to which Bidco, a wholly-owned indirect subsidiary of Mars, Incorporated (“**Mars**”), will acquire the entire issued and to be issued ordinary share capital of Hotel Chocolat (the “**Acquisition**”).

It is intended that the Acquisition will be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.

2. The Acquisition

Under the terms of the Acquisition, which will be subject to the Conditions and further terms set out in Appendix 1 to this announcement and to the full terms and conditions which will be set out in the Scheme Document, each Hotel Chocolat Shareholder at the Scheme Record Time will be entitled to receive:

for each Hotel Chocolat Share 375 pence in cash (the “Cash Offer”)

The Cash Offer values the entire issued and to be issued share capital of Hotel Chocolat at approximately £534 million on a fully diluted basis.

The Cash Offer represents a premium of approximately:

- (a) 169.8 per cent. to Hotel Chocolat’s share price of 139 pence at the close of business on 15 November 2023, being the last Business Day prior to the date of this announcement.

- (b) 194.2 per cent. to the volume-weighted average price of 127 pence per Hotel Chocolat Share for the 60-day period ended at the close of business on 15 November 2023, being the last Business Day prior to the date of this announcement.
- (c) 144.3 per cent. to the volume-weighted average price of 154 pence per Hotel Chocolat Share for the 12 month period ended at the close of business on 15 November 2023, being the last Business Day prior to the date of this announcement.

Partial Share Alternative

As an alternative to the Cash Offer, eligible Hotel Chocolat Shareholders may elect to receive one unlisted share of Class B stock of Bidco (a “**Rollover Share**”) for each Hotel Chocolat Share (the “**Partial Share Alternative**”), such Rollover Shares to be issued on the terms and pursuant to the mechanism described in paragraphs 13 and 14 and Appendix 4 of this announcement.

Eligible Hotel Chocolat Shareholders will be able to elect for the Partial Share Alternative in relation to some or all of their holdings of Hotel Chocolat Shares, subject to any such Hotel Chocolat Shareholder electing for the Partial Share Alternative in respect of at least 30 per cent. of the Hotel Chocolat Shares held by them on the “election return date” (further details of which shall be included in the Scheme Document) (the “**Minimum Rollover Threshold**”).

In aggregate, the maximum number of Rollover Shares available to be issued to eligible Hotel Chocolat Shareholders under the Partial Share Alternative will be limited to the equivalent of 30 per cent. of the Bidco Offer Shares (as defined in paragraph 14 below).

The Partial Share Alternative is not being offered, sold or delivered, directly or indirectly, in or into any Restricted Jurisdiction (and so Hotel Chocolat Shareholders in such jurisdictions will not be eligible to elect for the Partial Share Alternative) and individual acceptances of the Partial Share Alternative will only be valid if all regulatory approvals required by a Hotel Chocolat Shareholder to acquire the Rollover Shares have been obtained.

The Rollover Shares will be independently valued and an estimate of the value of the Rollover Shares will be included in the Scheme Document. Further information about the Rollover Shares is set out in paragraphs 13 and 14 and Appendix 4 and will be included in the Scheme Document.

If, on or after the date of this announcement and prior to the Effective Date, any dividend and/or other distribution and/or other return of capital or value is announced, declared, made or paid or becomes payable in respect of the Hotel Chocolat Shares, Bidco reserves the right to reduce the consideration due pursuant to the Cash Offer (and, as the case may be, the consideration due under the Partial Share Alternative) under the terms of the Acquisition at such date by an amount up to the amount of such dividend and/or distribution and/or return of capital or value. In such circumstances,

Hotel Chocolat Shareholders shall be entitled to retain any such dividend, distribution, or other return of value declared, made or paid.

3. Background to and reasons for the Acquisition

Mars has long admired Hotel Chocolat's impressive credentials as a contemporary, premium brand with a differentiated product offering, world-class product quality and strong direct-to-consumer capabilities through its physical store presence and sophisticated digital commerce platform.

Mars believes that Hotel Chocolat and Mars are culturally aligned, with shared values of quality, sustainability and purpose among their guiding principles. Mars' stated purpose is "the world we want tomorrow starts with how we do business today" and it shares the passion and conviction in Hotel Chocolat's mission, "to make people and nature happy through reinventing chocolate".

Mars believes it is well-positioned to support Hotel Chocolat's next growth phase with its international footprint, global supply chain and extensive commercial relationships, which could provide the Hotel Chocolat brand with an enhanced platform for growth in the UK and potentially in new geographies.

Mars has a strong track record of nurturing entrepreneurial brands, including KIND, Nature's Bakery and Tru Fru. Mars believes that it can support Hotel Chocolat's founders and management team, who it holds in high regard, to generate long-term value for the benefit of all stakeholders, whilst maintaining Hotel Chocolat's brand and supporting its continued delivery of high quality, premium products to consumers.

Mars considers that the Acquisition would further strengthen its commitment to the UK market (where it has operated since 1932 and today employs c.10k people), bringing a much-loved brand into its portfolio and deepening its relationships with consumers. The UK has been an important market for Mars, and it expects this to be complemented by the acquisition of Hotel Chocolat, with its distinctive capabilities in product development, luxury gifting and immersive brand experiences.

Mars believes that it is ideally positioned to support Hotel Chocolat's long-term strategic objectives with better access to committed, long-term capital, and to provide Hotel Chocolat's management team and employees with a supportive environment within a like-minded, entrepreneurial, purpose-led, family-owned business.

4. Recommendation

Acquisition and Cash Offer

The Hotel Chocolat Directors, who have been so advised by Lazard and Liberum as to the financial terms of the Cash Offer, consider the terms of the Cash Offer to be fair and reasonable. In providing their financial advice to the Hotel Chocolat Directors, Lazard and Liberum have each taken into account the commercial assessments of the Hotel Chocolat Directors. Lazard is providing independent financial advice to the Hotel Chocolat Directors for the purposes of Rule 3 of the Code.

Accordingly, the Hotel Chocolat Directors intend to unanimously recommend Hotel Chocolat Shareholders to vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) as they have irrevocably undertaken to do in respect of their Hotel Chocolat Shares (representing, in aggregate, approximately 54.2 per cent. of the issued ordinary share capital of Hotel Chocolat as at 15 November 2023, being the last Business Day prior to this announcement).

Partial Share Alternative

For the reasons described below, the Hotel Chocolat Directors are not making any recommendation to holders of Hotel Chocolat Shares in relation to the Partial Share Alternative. In considering the terms of the Partial Share Alternative, Lazard, Liberum and the Hotel Chocolat Directors have identified certain key disadvantages and advantages of electing for the Partial Share Alternative outlined below:

Disadvantages of electing for the Partial Share Alternative

- (a) The Rollover Shares will be:
 - (i) unlisted and will not be admitted to trading on any stock exchange or market for the trading of securities and will therefore be illiquid. Any assessment of the value of the Rollover Shares should therefore take into account an individual shareholder's assessment of an appropriate liquidity discount;
 - (ii) subject to a five-year lock-up restriction, during which they can only be transferred in very limited circumstances, and thereafter will be subject to a right of first refusal in favour of Mars Snacking Holdings and certain other restrictions (including, but not limited to, in respect of the identity of the proposed transferee and requirements in respect of compliance with anti-money laundering, anti-bribery and corruption and anti-sanctions checks and receipt of necessary regulatory approvals (if applicable)); and
 - (iii) of uncertain value and there can be no assurance that they will be capable of being sold in the future (other than pursuant to the put and call options described in Appendix 4) or that they will be capable of being sold at the value to be estimated by Morgan Stanley in the Scheme Document.
- (b) The amount payable by Mars Snacking Holdings to Rollover Shareholders in respect of any purchase of Rollover Shares on the exercise of any of the put or call options described in Appendix 4 will depend on the future performance of the Hotel Chocolat business under the Bidco Group's ownership. This remains uncertain and could result in the amount received being less than the cash consideration foregone under the Cash Offer.
- (c) Upon the Effective Date, the Bidco Group will be controlled by Mars Snacking Holdings. Holders of the Rollover Shares, which will not carry any general

voting rights at general meetings of Bidco nor the right to receive a copy of or vote on any written resolutions of shareholders of Bidco and will have consent rights only in respect of a very limited number of reserved matters (exercisable only by a supermajority of Rollover Shareholders), will therefore have no influence over decisions made by Bidco in relation to its investment in Hotel Chocolat or in any other business.

- (d) Individual Rollover Shareholders will have limited control over the date(s) on and value(s) at which they may be able to realise their investment in the Bidco Group and, in particular, only Original Rollover Shareholders holding 5 per cent. or more of the Bidco Shares issued at or around the Effective Date may defer the exercise of their put option rights in any Interim Option Exercise Period.
- (e) The rights of Rollover Shareholders to participate in future issues of securities by Bidco will be subject to certain exceptions (including those described in paragraph 8 of Appendix 4) which may result in them suffering significant dilution.
- (f) The percentage ownership of Bidco attributable to Hotel Chocolat Shareholders who elect for the Partial Share Alternative, but do not subsequently provide the cash funds required to accept their entitlements pursuant to any further issue of securities by Bidco in the period following the Effective Date, would be significantly reduced.
- (g) The Hotel Chocolat Shares are currently admitted to trading on AIM and Hotel Chocolat Shareholders are afforded certain standards and protections, including in respect of disclosure, as a result. Hotel Chocolat Shareholders who receive Rollover Shares (being unlisted securities in a private company) will not be afforded protections commensurate with those that they currently benefit from as shareholders in Hotel Chocolat, including because Bidco intends to rely on an exemption from registration under US securities laws and will therefore not be registering the Rollover Shares with the US Securities and Exchange Commission. Except for the information to be provided to the Rollover Shareholder Representative (but not to other Rollover Shareholders) in connection with the put and call options as described in Appendix 4, neither the Bidco Organisational Documents nor the Bidco Shareholders' Agreement will provide holders of Rollover Shares with information rights.
- (h) Payments in respect of Rollover Shares will not be guaranteed or secured and it is not anticipated that Bidco will declare or pay any distributions on any of the Rollover Shares prior to the end of the Final Option Exercise Period described in Appendix 4.
- (i) Hotel Chocolat Shareholders will have no certainty as to the amount of Rollover Shares they would receive because:
 - (i) the maximum number of Rollover Shares available to Hotel Chocolat Shareholders under the Partial Share Alternative will be limited to the equivalent of 30 per cent. of the Bidco Offer Shares; and

- (ii) to the extent that elections for the Partial Share Alternative cannot be satisfied in full, the number of Rollover Shares to be issued to each eligible Hotel Chocolat Shareholder who has elected for the Partial Share Alternative will be reduced on a pro rata basis, and the consideration for each Hotel Chocolat Share that is not exchanged for Rollover Shares will be paid in cash in accordance with the terms of the Cash Offer.

Advantages of electing for the Partial Share Alternative

- (a) The Partial Share Alternative allows eligible Hotel Chocolat Shareholders to invest directly in Bidco, providing continued economic exposure to Hotel Chocolat under private ownership.
- (b) The Partial Share Alternative will entitle eligible Hotel Chocolat Shareholders to sell their Rollover Shares during certain pre-defined option exercise periods pursuant to the put options summarised in Appendix 4 below, which may ultimately result in the cash amount received per Hotel Chocolat Share being more than under the Cash Offer (although this cannot be guaranteed).
- (c) From completion of the Acquisition, the Rollover Shares will rank economically *pari passu* with the investment in Bidco by Mars Snacking Holdings, and will carry a pro rata entitlement to dividends, distributions and returns of capital.

Lazard and Liberum are unable to advise the Hotel Chocolat Directors as to whether or not the financial terms of the Partial Share Alternative are fair and reasonable. This is because Lazard and Liberum have not had any involvement in the development and validation of any financial projections for Bidco. As a result, Lazard and Liberum are unable to assess any plans Bidco may have for the development of Hotel Chocolat or the Bidco Group to the degree necessary to form an assessment of the value of the Partial Share Alternative. Lazard and Liberum also note the significant and variable impact that the disadvantages and advantages of the Partial Share Alternative may have for individual eligible Hotel Chocolat Shareholders. In terms of the advantages, these include, in particular, the ability to participate in the potential future value creation of the Hotel Chocolat Group. In terms of the disadvantages, these include in particular, the level of uncertainty in their future value which will depend on the performance of Hotel Chocolat over a number of years which itself will be impacted by the business plan and strategy of the business under Bidco's control, as well as the terms of the Rollover Shares including the fact that they are illiquid and subject to a five-year lock-up period, the potential dilution that would result if a Hotel Chocolat Shareholder did not fund their pre-emptive entitlement pursuant to any further issue of securities by Bidco in the period following the Effective Date and the fact that the Rollover Shares do not carry voting rights other than on very limited reserved matters.

Accordingly, the Hotel Chocolat Directors are unable to form an opinion as to whether or not the terms of the Partial Share Alternative are fair and reasonable and are not making any recommendation to eligible Hotel Chocolat Shareholders as to whether or not they should elect for the Partial Share Alternative.

Hotel Chocolat Shareholders are encouraged to take into account the key advantages and disadvantages outlined above and in paragraph 4 in relation to the Partial Share Alternative, as well as their particular circumstances, when deciding whether to elect for the Partial Share Alternative in respect of all or part of their holding in Hotel Chocolat Shares (subject to any such election being in respect of at least the Minimum Rollover Threshold). Hotel Chocolat Shareholders should also ascertain whether acquiring or holding Rollover Shares is affected by the laws of the relevant jurisdiction in which they reside and consider whether Rollover Shares are a suitable investment in light of their own personal circumstances. Accordingly, Hotel Chocolat Shareholders are strongly recommended to seek their own independent financial, tax and legal advice in light of their own particular circumstances and investment objectives before deciding whether to elect for the Partial Share Alternative. Any decision to elect for the Partial Share Alternative should be based on any such independent financial, tax and legal advice and full consideration of the information in this announcement and the Scheme Document (when published).

Further details of the Partial Share Alternative are set out in paragraphs 13 to 15 (inclusive) and Appendix 4 of this announcement.

5. Background to and reasons for the recommendation

Over the last 20 years, Hotel Chocolat has evolved to become one of the UK's leading premium chocolate brands. Hotel Chocolat is known not only for its high quality "More Cacao Less Sugar" products, but also for the values of originality, authenticity and ethical behaviour which are at the core of its business. Since the Hotel Chocolat business was founded, innovation has remained at the forefront of what Hotel Chocolat strives for. New products such as the Velvetiser drinking chocolate system have ensured that the business continues to resonate with its customers. Hotel Chocolat manufactures the vast majority of its chocolate products at its UK-based innovation centre in Cambridgeshire and enjoys a direct relationship with its millions of UK customers through its growing network of stores, an online channel and selected resale partners. Areas of international growth for Hotel Chocolat include the US digital subsidiary business, the cocoa agro-tourism Saint Lucian subsidiary business and Hotel Chocolat's minority shareholding in the Japanese brand licence partnership. Since Hotel Chocolat's initial listing on AIM in 2016, Hotel Chocolat's revenues have grown by 124.5 per cent. to approximately £205 million in the 53-week period ended 2 July 2023.

Hotel Chocolat's disappointing financial results for the 53-week period ended 2 July 2023 reflected a year of intensive re-shaping to deal with the consequences of Hotel Chocolat's previous fast growth. In the first quarter of the current financial year, Hotel Chocolat's revenue growth has benefited from opportunities available through opening more stores in the UK and extending the Hotel Chocolat brand into new product categories. The Hotel Chocolat Directors believe the Hotel Chocolat brand, with its exciting range of products, has potential for substantial growth outside the UK in the years ahead.

While this growth potential has previously been recognised by the market and reflected in the Hotel Chocolat share price, over the last year or two it has become clear to the Hotel Chocolat Directors that achieving this potential will require substantial

investment and time. In particular, the need for, and cost of, the recent reorganisation of Hotel Chocolat's initial expansion into the US and Japan illustrates the scale of the challenge to grow the Hotel Chocolat brand internationally. While the Hotel Chocolat Directors believe that Hotel Chocolat could realise the full potential of the Hotel Chocolat brand on a standalone basis in the UK in the medium term, in order to achieve its overseas growth ambitions in the near to medium term in a way that would capture the full value for Hotel Chocolat Shareholders would require a level of investment that is likely to exceed that available from its own resources.

Whilst Hotel Chocolat is making good progress implementing a three year plan to re-shape its future business and the Hotel Chocolat Directors consider that the recent share price does not accurately reflect the underlying value and potential of Hotel Chocolat, the Hotel Chocolat Directors nevertheless believe that it is right to recommend Bidco's highly attractive offer for the following reasons:

- The Cash Offer price at 375 pence per share values the entire issued and to be issued share capital of Hotel Chocolat at approximately £534 million on a fully diluted basis and implies an enterprise value of £570 million and a multiple of approximately 23.7 times Underlying EBITDA for the 53-week period ended 2 July 2023.
- The Cash Offer provides an opportunity for Hotel Chocolat Shareholders to achieve a substantial premium to the current Hotel Chocolat Share price, a premium to the 2021 placing price of 355 pence per Hotel Chocolat Share and is well above typical public market offer premiums.
- The Cash Offer price represents a premium of approximately:
 - 169.8 per cent. to Hotel Chocolat's share price of 139 pence at the close of business on 15 November 2023, being the last Business Day prior to the date of this announcement.
 - 194.2 per cent. to the volume-weighted average price of 127 pence per Hotel Chocolat Share for the 60-day period ended at the close of business on 15 November 2023, being the last Business Day prior to the date of this announcement.
 - 144.3 per cent. to the volume-weighted average price of 154 pence per Hotel Chocolat Share for the 12 month period ended at the close of business on 15 November 2023, being the last Business Day prior to the date of this announcement.
- The Hotel Chocolat Directors believe the Cash Offer also appropriately reflects the value of the potential growth of Hotel Chocolat on a standalone basis over the medium term and provides an opportunity for Hotel Chocolat Shareholders to realise their investment in Hotel Chocolat, in cash, at a highly attractive price. The certainty of the Cash Offer should be weighed against the uncertainty of the value which may be delivered through the Partial Share Alternative and the risks inherent in executing successfully on the future strategy of Hotel Chocolat as an independent listed company.

- Notwithstanding the positive management action and encouraging revenue growth resulting from Hotel Chocolat's recent UK store expansion programme, the Hotel Chocolat Directors acknowledge that the challenging macro-economic environment, particularly in the discretionary consumer space, may expose Hotel Chocolat to an element of risk in achieving its credible but ambitious business plan targets.
- If Hotel Chocolat continues as a listed company, it is likely to be difficult in the short to medium term for Hotel Chocolat to raise the significant equity funding required to expand the business internationally in a way that captures more of the potential value for shareholders. Expanding into new territories through an asset and investment light model by way of partners providing funding is likely to result in much of the benefit of such growth being realised by the partners rather than Hotel Chocolat.
- With substantially all of Hotel Chocolat's free cash likely to be required for re-investment into Hotel Chocolat's growth strategy for the foreseeable future, it is likely to be some time before Hotel Chocolat is in a position to be able to pay a significant dividend.
- The Hotel Chocolat Directors believe that Mars would be an excellent steward of the Hotel Chocolat brand. Mars has expressed its excitement about the long-term prospects of the Hotel Chocolat business and has been clear that it intends to continue to support Hotel Chocolat's business in the UK and to explore opportunities to grow the Hotel Chocolat brand outside the UK. Mars shares similar values to Hotel Chocolat, including in key areas such as quality and sustainability, and has agreed a cash price for Hotel Chocolat that the Hotel Chocolat Directors believe recognises Hotel Chocolat's impressive credentials as a premium chocolate brand and its ethical farming and environmental practices that are considered to be important by many consumers in today's market.
- The Hotel Chocolat Directors also believe that Mars is well positioned to support Hotel Chocolat in its next phase of growth and continue to invest in the business to improve the sustainable long-term value of the Hotel Chocolat business. The Hotel Chocolat Directors believe that the Hotel Chocolat brand would benefit from better access to committed, long-term capital as part of a like-minded, entrepreneurial, purpose-led, family-owned business. The Hotel Chocolat Directors welcome Mars' stated intentions for the broader business, management, employees and business footprint of Hotel Chocolat.
- As a result of all of the above, the Hotel Chocolat Directors believe the Acquisition will allow Hotel Chocolat to achieve growth faster and more sustainably than Hotel Chocolat would be able to achieve alone.
- Accordingly, following careful consideration of the above factors, the Hotel Chocolat Directors intend to unanimously recommend the Cash Offer to Hotel Chocolat Shareholders.

6. Irrevocable undertakings and letter of intent

Bidco has received commitments and indications of support for the Acquisition from Hotel Chocolat Shareholders in respect of 95,753,759 Hotel Chocolat Shares representing, in aggregate, approximately 69.6 per cent. of the existing issued ordinary share capital of Hotel Chocolat as at 15 November 2023, being the last Business Day prior to this announcement.

Founders

Bidco has received irrevocable undertakings from each Founder (the “**Founder Irrevocable Undertakings**”) and from a related trust of each Founder (the “**Family Trusts**”) (the “**Family Trust Irrevocable Undertakings**”) to vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, if the Acquisition is subsequently structured as a Takeover Offer, to accept, or procure the acceptance of, the Takeover Offer).

The Founder Irrevocable Undertakings are in respect of the entire holdings owned or controlled by the Founders amounting to 63,911,314 Hotel Chocolat Shares representing, in aggregate, approximately 46.4 per cent. of the existing issued ordinary share capital of Hotel Chocolat as at 15 November 2023, being the last Business Day prior to this announcement.

The Family Trust Irrevocable Undertakings are in respect of the entire holdings owned or controlled by the Family Trusts amounting to 10,600,000 Hotel Chocolat Shares representing, in aggregate, approximately 7.7 per cent. of the existing issued ordinary share capital of Hotel Chocolat as at 15 November 2023, being the last Business Day prior to this announcement.

Pursuant to the Founder Irrevocable Undertakings and the Family Trust Irrevocable Undertaking in respect of the Thirlwell Family Trust, the Founders and the Thirlwell Family Trust have also irrevocably undertaken to elect for the Partial Share Alternative in respect of:

- Angus Thirlwell: 24,473,247 Hotel Chocolat Shares, representing approximately 17.2 per cent. of the fully diluted ordinary share capital of Hotel Chocolat and approximately 76.6 per cent. of his existing holding in Hotel Chocolat;
- Peter Harris: 14,233,323 Hotel Chocolat Shares, representing approximately 10.0 per cent. of the fully diluted ordinary share capital of Hotel Chocolat and approximately 44.5 per cent. of his existing holding in Hotel Chocolat;
- Thirlwell Family Trust: 3,993,399 Hotel Chocolat Shares, representing approximately 2.8 per cent. of the fully diluted ordinary share capital of Hotel Chocolat and approximately 75.3 per cent. of the trust’s existing holding in Hotel Chocolat.

The Founder Irrevocable Undertakings also extend to any Hotel Chocolat Shares acquired by a Founder as a result of the vesting of awards or the exercise of options under the Hotel Chocolat Share Schemes.

The Founder Irrevocable Undertakings and the Family Trust Irrevocable Undertakings will remain binding in the event that a higher competing offer is made for Hotel Chocolat and will cease to be binding only if the Scheme lapses or is withdrawn.

Other Hotel Chocolat Directors

In addition to the Founder Irrevocable Undertakings, Bidco has received irrevocable undertakings from all of the other Hotel Chocolat Directors who are interested in Hotel Chocolat Shares to vote (or procure the voting) in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of the Takeover Offer, to accept, or procure the acceptance of, the Takeover Offer) in respect of 14,413 Hotel Chocolat Shares, representing, in aggregate, approximately 0.01 per cent. of the existing issued ordinary share capital as at 15 November 2023, being the last Business Day prior to this announcement, and the entire holdings of such directors.

These irrevocable undertakings from the Hotel Chocolat Directors will cease to be binding only if the Scheme lapses or is withdrawn, and they remain binding in the event that a higher competing offer for Hotel Chocolat is made.

Other Hotel Chocolat Shareholders

Phoenix has committed and/or indicated its support for the Acquisition in respect of all Hotel Chocolat Shares under its investment management control representing, in aggregate, approximately 15.4 per cent. of the existing issued ordinary share capital of Hotel Chocolat as at 15 November 2023, being the last Business Day prior to this announcement. This comprises: (i) an irrevocable undertaking from Phoenix to vote (or procure the voting) in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of the Takeover Offer, to accept, or procure the acceptance of, the Takeover Offer) in respect of 14,349,649 Hotel Chocolat Shares representing approximately 10.4 per cent. of the existing issued ordinary share capital of Hotel Chocolat (the “**Phoenix Irrevocable Undertaking**”); and (ii) a non-binding letter of intent from Phoenix to vote (or procure the voting) in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of the Takeover Offer, to accept the Takeover Offer) in respect of 6,878,383 Hotel Chocolat Shares representing approximately 5.0 per cent. of the existing issued ordinary share capital of Hotel Chocolat, in each case as at 15 November 2023, being the last Business Day prior to this announcement.

The Phoenix Irrevocable Undertaking will remain binding in the event that a higher competing offer for Hotel Chocolat is made and will cease to be binding only if the Scheme lapses or is withdrawn. Pursuant to the Phoenix Irrevocable Undertaking, Phoenix has also irrevocably undertaken not to elect for the Partial Share Alternative

in respect of the Hotel Chocolat Shares which are subject to the Phoenix Irrevocable Undertaking.

Further details of these irrevocable undertakings (including the circumstances in which they may lapse) and the letter of intent are set out in Appendix 3 to this announcement.

7. Information relating to Bidco and Mars

Bidco

Bidco is a corporation incorporated under the laws of the State of Delaware in the United States of America. Bidco is indirectly wholly owned by Mars and was formed for the purpose of implementing the Acquisition. Bidco has not traded or entered into any obligations other than in connection with the Acquisition.

Mars

Mars is a leading global manufacturer of chocolate, chewing gum, mints, fruity confections, and other snacks. It makes products that inspire moments of everyday happiness for millions, including iconic brands like M&Ms, Snickers, Orbit, Extra, Kind, and Skittles that are enjoyed in more than 180 countries.

Today, its UK business employs over 1,600 people across four UK sites in Slough, Plymouth, Maidenhead and London, manufacturing much-loved brands including Mars, Snickers, Galaxy, and Maltesers.

Globally, its 34,000 Mars Snacking Associates are working hard to improve the way Mars sources, makes and markets its products, so its consumers can enjoy them even more. This includes an industry-leading commitment to invest \$1 billion to build a new cocoa supply chain model centered on smallholder farmers. For four decades, Mars has worked in collaboration with others toward a goal of sustainable cocoa production. Cocoa is an integral ingredient in Mars' beloved chocolate products, and Mars believes a sustainable cocoa sector is essential to ensure Mars can continue to provide chocolate for future generations of chocolate lovers. Protecting children and empowering women and communities are pivotal to a thriving cocoa supply chain. Mars' Strategic Approach to Protecting Children in Cocoa Farming Communities sets out how it identifies, prevents, and mitigates human rights issues. Additionally, Mars has committed to achieving a deforestation- and conversion-free supply chain for 100% of the cocoa it sources by 2025 and net zero greenhouse gas emissions across its full value chain by 2050.

Mars is driven by the belief that the world we want tomorrow starts with how we do business today. As a global, family-owned business, Mars is transforming, innovating, and evolving to make a positive impact on the world. Across its diverse and expanding portfolio of quality snacking, food, and pet care products and services, Mars employs 140,000+ dedicated Associates. With more than \$47 billion in annual sales, Mars produces some of the world's best-loved brands including Ben's Original™, CESAR®, Cocoavia®, DOVE®, EXTRA®, KIND®, M&M's®, SNICKERS®, PEDIGREE®, ROYAL CANIN®, and WHISKAS®. We are creating A Better World for Pets through

our global network of pet hospitals and diagnostic services – including AniCura, BANFIELD™, BLUEPEARL™, Linnaeus and VCA™.

8. Information relating to Hotel Chocolat

Hotel Chocolat is a premium British chocolate maker with a strong and distinctive direct to consumer brand. The business was founded in 1993 by Angus Thirlwell and Peter Harris, who remain directors of Hotel Chocolat, and has traded under the Hotel Chocolat brand since 2003. Hotel Chocolat manufactures premium chocolate and cocoa-related products and sells its products online, through a network of stores in the UK and abroad, and through selected wholesale partners. Hotel Chocolat has 131 stores in the UK, as well as cafés, restaurants, outlets, factory stores, and an eco-hotel on its working cacao farm in St Lucia. Hotel Chocolat also has 21 stores in Japan, operated through a brand licencing and supply agreement with a local partner. Through this integrated model, Hotel Chocolat is involved in each stage of chocolate, from working with partner farmers, to designing and innovating new products, to making, distributing and engaging customers through its own direct channels.

9. Intentions of Mars

As described in paragraph 3 above, Mars believes that Hotel Chocolat would be better suited to developing its business under private ownership as part of the Bidco Group, with better access to the committed, long-term capital required to deliver Hotel Chocolat's growth ambitions and without the costs and constraints associated with its current public status. Mars is confident that the Hotel Chocolat Group would benefit from being part of a like-minded, entrepreneurial, purpose-led, family-owned group of businesses with extensive international expertise, infrastructure and relationships.

Following the Effective Date, Mars intends to maintain Hotel Chocolat's brand and to support its continued delivery of high quality, premium products to consumers through both physical and digital routes to market.

Prior to this announcement and consistent with market practice, Mars has been granted access to certain Hotel Chocolat information and to Hotel Chocolat's senior management for the purposes of confirmatory due diligence. However, because of applicable regulatory controls and the constraints of a public offer process, Mars has not yet had access to sufficiently detailed information to formulate detailed plans or intentions regarding the impact of the Acquisition on the Hotel Chocolat Group.

Following the Effective Date, Mars intends to work with Hotel Chocolat's management to undertake a detailed evaluation of the Hotel Chocolat Group and its operations in order to determine how its short and long-term strategic objectives can best be

delivered. Mars expects that this evaluation will be undertaken within approximately 12 months from the Effective Date.

Whilst the parameters of the evaluation have not yet been finalised, it is expected to include the following areas:

- evaluating in more detail Hotel Chocolat's existing organisational structure, strategy, and marketing, supply chain and procurement, development and delivery capabilities;
- considering how best to position the business and assessing potential opportunities that may support Hotel Chocolat's growth ambitions (including, where appropriate, considering opportunities for expansion in new markets in complementary new geographies); and
- assessing the opportunities to enhance the efficiency of business processes and structures of the Hotel Chocolat Group.

The outcomes of the review could include investment in people and assets to grow the business sustainably over the long-term, as well as efficiency in operations to ensure that Hotel Chocolat is operating in line with industry best practice and operational and commercial enhancements drawing on Mars' expertise and capabilities.

Employees and management

Mars attaches great importance and value to the skills, experience and commitment of the Hotel Chocolat Group's management and employees and recognises that the management and employees of the Hotel Chocolat Group will continue to be an important factor in maximising the success and growth of the business going forward.

Mars expects the Hotel Chocolat Group's management and employees to continue to contribute to the success of the Hotel Chocolat Group following the Effective Date and anticipates that they will benefit from greater opportunities as a result of the Acquisition. As part of this, Mars intends that Angus Thirlwell will continue as Chief Executive Officer of the Hotel Chocolat business following the Effective Date. Mars understands that Peter Harris intends to retire following the Effective Date, but expects that he will remain with the Hotel Chocolat business for a handover period, in a consulting role to support his successor.

Except as described below, Mars does not envisage making any material reduction to Hotel Chocolat's overall headcount or to the balance of skills and functions of the management and employees of the Hotel Chocolat Group, including employees engaged in Hotel Chocolat's existing retail stores and manufacturing, distribution and packing facilities in the UK (other than in the ordinary course of business).

However, once Hotel Chocolat ceases to be a listed company and becomes part of the Mars family of companies, a limited number of back-office and listed company functions may be reduced in scope or become unnecessary. Given that some of these functions are outsourced or involve very few employees, the number of employment roles within the Hotel Chocolat Group potentially affected is likely to be small. Further

details of any reductions or changes will be considered as part of Mars' detailed evaluation described above. To the extent that Mars proceeds with any such reductions or changes, it intends to consult with relevant Hotel Chocolat employees and employee representatives as required by applicable law.

Mars expects that the members of the board of directors of Hotel Chocolat Group plc will resign from office as directors of Hotel Chocolat Group plc with effect from the Effective Date.

Existing employment rights and pensions

Mars intends to safeguard the existing contractual and statutory employment and pensions rights of the management and the employees of the Hotel Chocolat Group in accordance with applicable law and does not intend to make any material change to the conditions of employment of the management and employees of the Hotel Chocolat Group.

Hotel Chocolat does not operate or contribute to any defined benefit pension schemes in respect of its management and employees. It does, however, contribute to a defined contribution pension plan. Mars does not intend to make any material changes to Hotel Chocolat's existing employer pension contribution arrangements, the accrual of benefits for existing members or the rights of admission of new members.

Management incentivisation arrangements

Mars intends to put in place incentivisation arrangements for certain members of the Hotel Chocolat Group's management following the Effective Date and has confirmed that intention orally to Hotel Chocolat. Mars has not entered into, and has not held any discussions on the terms, content, scope, or form of its proposals in relation to any such incentivisation arrangements. Any discussions with Hotel Chocolat's management about the terms, content, scope or form of such incentivisation arrangements will not take place until after the Effective Date.

Headquarters, locations and fixed assets

Mars admires Hotel Chocolat's strong brand appeal and its commitment to the UK market. As a result, Mars intends to maintain and continue to support Hotel Chocolat's business in the UK after the Effective Date.

Mars does not intend the Acquisition to result in a material reduction in the retail or manufacturing footprint of Hotel Chocolat in the United Kingdom or a redeployment of the fixed assets of Hotel Chocolat. In particular:

- Mars intends to continue to invest in the Hotel Chocolat Group's UK store footprint (including further store openings) as an important component of its growth story. Hotel Chocolat regularly evaluates its portfolio of stores (including plans for further store openings) in the ordinary course and Mars intends to continue to do the same following the Effective Date in the ordinary course and as part of the detailed evaluation described above.

- Mars intends to retain Hotel Chocolat's: factory space in Huntingdon, UK; distribution and packing centres in Northampton, UK and in St Neots, UK; design space in London, UK; and Rabot Estate (including the Rabot Hotel) in St Lucia.
- Mars intends to maintain Hotel Chocolat's UK headquarters in Royston, UK. The global headquarters of Mars' Snacking business (of which Bidco will be part) are expected to remain in Chicago, Illinois, USA.

Research and development

Mars understands the importance of research and development to Hotel Chocolat's high-quality product ranges and continued new product development. Mars therefore intends to maintain the research and development functions of Hotel Chocolat, subject to reviewing such functions in further detail as part of the detailed evaluation described above in order to evaluate opportunities for integrating and enhancing the capabilities of that function within Mars following the Effective Date.

Sustainability

Mars admires Hotel Chocolat's commitment to sustainability across its business as highlighted by its existing environmental, carbon and packaging targets and investment in sustainable farming and supply chain initiatives. Mars considers Hotel Chocolat's stated focus on sustainability to be an important area of cultural alignment with Mars' business, and Mars intends to continue to support the Hotel Chocolat business in pursuing sustainability initiatives following the Effective Date.

Trading facilities

Hotel Chocolat Shares are currently traded on AIM and, as set out in paragraph 17 of this announcement, it is intended that a request will be made to the London Stock Exchange to cancel trading in Hotel Chocolat's Shares on AIM, with effect shortly following the Effective Date. As stated in paragraph 17 of this announcement, dealings in Hotel Chocolat Shares will be suspended shortly prior to the Effective Date and thereafter there will be no trading facilities in relation to Hotel Chocolat Shares from that time.

No statement in this paragraph 9 constitutes a post-offer undertaking for the purposes of Rule 19.5 of the Code.

10. Financing

The cash consideration payable by Bidco to Hotel Chocolat Shareholders under the terms of the Acquisition is expected to be financed by existing cash resources of Mars or its affiliates.

Notwithstanding the above, on 16 November 2023, in order to enable Morgan Stanley to give the confirmation referred to in Rule 2.7(d) of the Code, Mars and JPMorgan Chase Bank, N.A. entered into the Acquisition Facility Agreement, pursuant to which an up to £375,000,000 term facility is available to Mars to be drawn to finance the cash

consideration payable pursuant to the Acquisition (and to finance fees, costs and expenses in connection with the Acquisition). To the extent the Acquisition is not funded by existing cash resources of Mars or its affiliates, the Acquisition Facility Agreement will be drawn down and Mars has agreed to use the funds received under the Acquisition Facility Agreement to the extent necessary to fund (directly or indirectly) Bidco with the cash consideration payable by Bidco to Hotel Chocolat Shareholders under the terms of the Acquisition.

Morgan Stanley, in its capacity as financial adviser to Bidco and Mars, confirms that it is satisfied that sufficient resources are available to Bidco to satisfy in full the cash consideration payable to Hotel Chocolat Shareholders under the terms of the Acquisition.

Further information on the financing of the Acquisition will be set out in the Scheme Document.

11. Hotel Chocolat Share Schemes

Participants in the Hotel Chocolat Share Schemes will be contacted regarding the effect of the Acquisition on their rights and appropriate proposals will be made to such participants in due course. Details of these proposals will be set out in the Scheme Document.

12. Offer-related arrangements

Confidentiality Agreement

Mars and Hotel Chocolat have entered into a confidentiality agreement dated 16 October 2023 pursuant to which each of Mars and Hotel Chocolat has undertaken, amongst other things, to: (a) keep confidential information relating to the Acquisition and the other party and not to disclose it to third parties (other than certain permitted parties) unless required by law or regulation; and (b) use the confidential information only in connection with considering, evaluating, negotiating, implementing or advising on the potential Acquisition. These confidentiality obligations remain in force until two years from the date of the Confidentiality Agreement. The agreement also contains provisions pursuant to which each party has agreed not to solicit certain employees of the other party, subject to customary carve-outs, for a period of 12 months.

Cooperation Agreement

Bidco and Hotel Chocolat have entered into a cooperation agreement dated 16 November 2023, pursuant to which, among other things, Bidco and Hotel Chocolat have each agreed to certain undertakings to co-operate and provide each other with reasonable information, assistance and access in relation to any filings, submissions and notifications to be made in relation to regulatory clearances and authorisations.

The Cooperation Agreement records the parties' intentions to implement the Acquisition by way of Scheme, subject to the ability of Bidco to implement the

Acquisition by way of a Takeover Offer in certain circumstances set out in the Cooperation Agreement and with the consent of the Panel.

The Cooperation Agreement will be capable of termination by either party in certain circumstances, including if the Scheme does not become Effective by the Long-Stop Date, a competing transaction completes, becomes effective or is declared or becomes unconditional, any Condition has been invoked by Bidco (in circumstances where invocation of the relevant Condition is permitted by the Panel) prior to the Long-Stop Date or if the Acquisition is withdrawn or lapses in accordance with its terms prior to the Long-Stop Date.

In addition, Bidco may terminate the Cooperation Agreement on written notice to Hotel Chocolat in certain circumstances, including where the Hotel Chocolat Directors have publicly withdrawn, adversely qualified, adversely modified or failed to reaffirm or re-issue (when reasonably requested by Bidco to do so) their unanimous recommendation that Hotel Chocolat Shareholders vote in favour of the Scheme or a competing transaction is recommended by the Hotel Chocolat Directors.

Pursuant to the terms of the Cooperation Agreement, Bidco has undertaken that it will deliver a notice in writing to Hotel Chocolat on the Business Day prior to the Scheme Court Hearing confirming either: (i) the satisfaction or waiver of all Conditions (other than Condition 2(c)); or (ii) if permitted by the Panel, that it intends to invoke one or more Conditions.

The Cooperation Agreement also contains provisions that will apply in respect of the Hotel Chocolat Share Schemes and certain other employee incentive arrangements.

Clean Team Agreement

Mars and Hotel Chocolat have entered into a due diligence clean team agreement dated 24 October 2023, which sets out how any confidential information that is commercially sensitive can be disclosed, used or shared for the purposes of due diligence, integration planning and regulatory analysis and any associated clearance processes. Such commercially sensitive information must only be made available to the party receiving information through designated persons removed from day-to-day commercial or strategic operations and decisions and external professional advisers. The findings of such designated persons and external advisers may only be relayed to other employees, officers and directors of the receiving party in specified circumstances and subject to certain restrictions.

Confidentiality and Joint Defence Agreement

Mars, Hotel Chocolat and their respective legal advisers have entered into a Confidentiality and Joint Defence Agreement dated 25 October 2023, the purpose of which is to ensure that the exchange and/or disclosure of certain materials relating to the parties only takes place between their respective external legal advisers and external experts, and does not diminish in any way the confidentiality of such materials and does not result in a waiver of privilege, right or immunity that might otherwise be available.

In addition, Hotel Chocolat Shareholders who wish to elect for the Partial Share Alternative will be required to provide certain “Know Your Client” information as requested by Bidco and Mars. Further details of this eligibility requirement will be set out in the Scheme Document.

The issue of any Rollover Shares pursuant to the Partial Share Alternative will be in accordance with the mechanism described in paragraph 14 below and subject to the Conditions and further terms set out in Appendix 1 to this announcement and to be set out in the Scheme Document. Further details regarding Bidco and the rights of the Rollover Shares are set out in paragraphs 14 and 15 below and in Appendix 4 to this announcement.

For the purposes of Rule 24.11 of the Code, Morgan Stanley, as financial adviser to Bidco, will provide an estimate of the value of a Rollover Share, together with the assumptions, qualifications and caveats forming the basis of its estimate of value, in a letter to be included in the Scheme Document.

If the Acquisition becomes Effective, Hotel Chocolat Shareholders who do not validly elect for the Partial Share Alternative will automatically receive cash consideration due under the Cash Offer for their entire holding of Hotel Chocolat Shares.

14. Structure of the Partial Share Alternative

Bidco share capital as a result of the Acquisition

The current share capital of Bidco consists of 100 shares of common stock (the “**Initial Bidco Shares**”). On or around the Effective Date, Bidco will issue around 142,333,230 Bidco Shares (the “**Bidco Offer Shares**”) and the Initial Bidco Shares will be cancelled. If the Partial Share Alternative (including any Bidco A Shares or Rollover Shares already in issue) were taken up in full by eligible Hotel Chocolat Shareholders, and assuming the amount of Hotel Chocolat Shares issued pursuant to the Hotel Chocolat Share Schemes prior to the Effective Date is consistent with the calculation set out in Appendix 2 to this announcement, Bidco would issue around:

- (a) 99,633,261 Bidco A Shares to Mars Snacking Holdings to fund the cash consideration and costs and expenses payable in respect of the Acquisition; and
- (b) 42,699,969 Rollover Shares to those eligible Hotel Chocolat Shareholders who validly elect to receive the Partial Share Alternative.

Terms of Issue of Rollover Shares

The Rollover Shares to be issued to eligible Hotel Chocolat Shareholders who validly elect for the Partial Share Alternative will be issued credited as fully paid and will rank economically *pari passu* with the Bidco A Shares being issued to Mars Snacking Holdings pursuant to the Acquisition as described above, including the right to receive and retain dividends and other distributions declared, made or paid (if any) by reference to a record date falling on or after the date of this announcement.

15. Risk factors and other investment considerations in respect of the Partial Share Alternative

Eligible Hotel Chocolat Shareholders who elect for the Partial Share Alternative will, pursuant to a power of attorney to be included in the Form of Election and/or the Scheme, deliver a fully executed deed of adherence pursuant to which they will be bound by the Bidco Shareholders' Agreement. A summary of the key rights of the Rollover Shares is set out in Appendix 4.

In addition, the attention of eligible Hotel Chocolat Shareholders who may be considering electing for the Partial Share Alternative is drawn to certain risk factors and other investment considerations relevant to such an election. These will be set out in full in the Scheme Document and include, inter alia, the following:

- (a) upon the Effective Date, the Bidco Group will be controlled by Mars Snacking Holdings. Holders of the Rollover Shares, which will not carry any general voting rights at general meetings of Bidco nor any right to receive a copy of or vote on written resolutions of shareholders of Bidco and will have consent rights only in respect of a very limited number of reserved matters (exercisable only by a supermajority of Rollover Shareholders), will therefore have no influence over decisions made by Bidco in relation to its investment in Hotel Chocolat or in any other business;
- (b) the Rollover Shares are unquoted and will not be listed or admitted to trading on any exchange or market for the trading of securities, and will therefore be illiquid;
- (c) the Rollover Shares will have very limited transfer rights. They will not be transferable during the Lock-Up Period (save in very limited circumstances in relation to certain put and call options, to certain Associates or otherwise with the prior consent of Mars Snacking Holdings). Following the Lock-Up Period, a holder of Rollover Shares shall be entitled to transfer its Rollover Shares (provided that any such transfer is for all (but not only part) of the Rollover Shares held by such Rollover Shareholder and any of its Associates), subject to a right of first refusal in favour of Mars Snacking Holdings and to certain other restrictions including, but not limited to, in respect of the identity of the proposed transferee;
- (d) the value of the Rollover Shares will at all times be uncertain and there can be no assurance that any such securities will be capable of being sold in the future (other than pursuant to the put and call options described in Appendix 4) or that they will be capable of being sold at the value to be estimated by Morgan Stanley in the Scheme Document;
- (e) payments in respect of Rollover Shares will not be guaranteed or secured and it is not anticipated that Bidco will declare or pay any distributions on any of the Rollover Shares prior to the end of the final call option exercise period described in Appendix 4;

- (f) in relation to any further issues of securities, if holders of Rollover Shares wish to avoid their percentage interest in Bidco being reduced by any such issue, they will need to invest further cash sums in the Bidco Group. In particular, Rollover Shareholders who do not elect to exercise their pre-emption rights or catch-up rights by investing the necessary cash sums in respect of any further issues of securities by the Bidco Group will suffer significant dilution in their percentage ownership;
- (g) the right of Rollover Shareholders to participate in future issues of securities by the Bidco Group will also be subject to other important exceptions. For example:
 - (i) holders of Rollover Shares will not be entitled to participate in any issues of securities to actual or potential employees, directors, officers or consultants of the Bidco Group (whether of the same or different classes to the Rollover Shares);
 - (ii) if Bidco introduces one or more management incentive plans for actual or potential employees, directors, officers and consultants of the Bidco Group after the Effective Date that provide participants with an interest in securities in the Bidco Group, such issue(s) could potentially significantly dilute the Rollover Shares. In addition, the Bidco Group may not receive material cash sums on the issue of any such securities and the returns on any such securities may potentially be structured to increase their proportionate interest in the value of the Bidco Group as it increases in value (whether pursuant to a ratchet mechanism or otherwise); and
 - (iii) the holders of Rollover Shares will not be entitled to participate in issues of securities by the Bidco Group in certain other cases, including in consideration for, or in connection with, its acquisition of other assets, companies or all or part of any other businesses or undertakings;
- (h) the holders of Rollover Shares will enjoy only limited minority protections or other rights (as summarised in Appendix 4);
- (i) holders of Rollover Shares may be required at some point following the Lock-Up Period to sell their Rollover Shares under the terms of a “drag along” provision in the Bidco Shareholders’ Agreement;
- (j) it is possible that Mars Snacking Holdings may dispose of some or all of its Bidco A Shares during the Lock-Up Period and in such circumstances no “tag along” rights will apply to Rollover Shareholders;
- (k) Mars Snacking Holdings will have a call option over a percentage of Rollover Shares held by each Rollover Shareholder during the pre-determined Option Exercise Periods. The call option could be exercised at a value that is less than holders of Rollover Shares may receive for a sale at another time;

- (l) the amount payable by Mars Snacking Holdings to Rollover Shareholders in respect of any purchase of Rollover Shares on the exercise of any of the put or call options described in Appendix 4 will depend on the future performance of the Hotel Chocolat business under the Bidco Group's ownership. This remains uncertain and could result in the amount received being less than the cash consideration foregone under the Cash Offer;
- (m) individual Rollover Shareholders will have limited control over the date(s) on and value(s) at which they may be able to realise their investment in the Bidco Group and, in particular, only Original Rollover Shareholders holding 5 per cent. or more of the Bidco Shares issued at or around the Effective Date may defer the exercise of their put option rights in any Interim Option Exercise Period;
- (n) individual Rollover Shareholders will not have a right to challenge the Option Price (as defined in Appendix 4) and any challenge by the Rollover Shareholder Representative may, if unsuccessful, result in a lower valuation for the put and call options and/or reduce the cash amount payable in relation to the put and call options in any relevant Option Exercise Period;
- (o) the Hotel Chocolat Shares are currently admitted to trading on AIM and Hotel Chocolat Shareholders are afforded certain standards and protections, including in respect of disclosure, as a result. Hotel Chocolat Shareholders who receive Rollover Shares (being unlisted securities in a private company) will not be afforded protections commensurate with those that they currently benefit from as shareholders in Hotel Chocolat, including because Bidco intends to rely on an exemption from registration under US securities laws and will therefore not be registering the Rollover Shares with the US Securities and Exchange Commission. Except for the information to be provided to the Rollover Shareholder Representative (but not to other Rollover Shareholders) in connection with the put and call options as described in Appendix 4, neither the Bidco Organisational Documents nor the Bidco Shareholders' Agreement will provide holders of Rollover Shares with information rights;
- (p) there can be no certainty or guarantee as to the performance of the Bidco Group or the Hotel Chocolat Group following the Effective Date (including, for the avoidance of doubt, whether or the extent to which any of the EBITDA Values or Low-End EBITDA Values relevant to calculation of the put and call options will be met), and past performance cannot be relied upon as an indication of future performance or growth; and
- (q) Hotel Chocolat Shareholders will have no certainty as to the amount of Rollover Shares they would receive because:
 - (i) the maximum number of Rollover Shares available to Hotel Chocolat Shareholders under the Partial Share Alternative will be limited to the equivalent of 30 per cent. of the Bidco Offer Shares; and
 - (ii) to the extent that elections for the Partial Share Alternative cannot be satisfied in full, the number of Rollover Shares to be issued to each eligible Hotel Chocolat Shareholder who has elected for the Partial

Share Alternative will be reduced on a pro rata basis, and the consideration for each Hotel Chocolat Share that is not exchanged for Rollover Shares will be paid in cash in accordance with the terms of the Cash Offer.

Further information relating to Bidco and the Rollover Shares is set out in Appendix 4 below.

16. Structure of and conditions to the Acquisition

It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement between Hotel Chocolat and the Scheme Shareholders, under Part 26 of the Companies Act. The procedure involves, among other things, an application by Hotel Chocolat to the Court to sanction the Scheme.

The purpose of the Scheme is to provide for Bidco to become the owner of the entire issued and to be issued share capital of Hotel Chocolat. This is to be achieved by the transfer of Hotel Chocolat Shares to Bidco in consideration for which Hotel Chocolat Shareholders will receive the cash consideration due under the Cash Offer and/or (subject to valid election) Rollover Shares on the terms and conditions set out in paragraph 2 above, in each case to be effected pursuant to the Scheme. The transfer to Bidco of the Hotel Chocolat Shares is intended to result in Hotel Chocolat becoming a wholly-owned subsidiary of Bidco.

Conditions to the Acquisition

The Scheme and Acquisition will be subject to the Conditions and certain further terms referred to in Appendix 1 to this announcement and to be set out in the Scheme Document when issued. In particular, the Scheme will only become Effective if, among other things, the following events occur on or before 11.59pm (London time) on the Long-Stop Date:

- (a) a resolution to approve the Scheme is passed by a majority in number of, representing 75 per cent. in value of the Hotel Chocolat Shares voted by, Scheme Shareholders present and voting (and entitled to vote) at the Court Meeting, either in person or by proxy;
- (b) the Resolutions are passed by the requisite majority of Hotel Chocolat Shareholders at the General Meeting;
- (c) the Scheme is sanctioned by the Court (without modification, or with modification on terms agreed by Bidco and Hotel Chocolat); and
- (d) following the sanction by the Court, a copy of the Scheme Court Order is delivered to the Registrar of Companies.

Additionally, the Scheme will lapse if, amongst other things:

- (a) the Court Meeting and/or General Meeting are not held on or before the 22nd day after the expected date of such meetings, which will be set out in the Scheme Document in due course (or such later date as may be agreed by Bidco

and Hotel Chocolat with the consent of the Panel and, if required, with the consent of the Court);

- (b) the Scheme Court Hearing is not held on or before the 22nd day after the expected date of such hearing, which will be set out in the Scheme Document in due course (or such later date as may be agreed by Bidco and Hotel Chocolat with the consent of the Panel and, if required, with the consent of the Court); or
- (c) the Scheme does not become Effective on or before 11.59pm (London time) on the Long-Stop Date.

Bidco may only invoke a Condition so as to cause the Acquisition not to proceed, lapse or to be withdrawn with the consent of the Panel. Certain Conditions are not subject to this requirement. Further details are set out in Parts A and B of Appendix 1.

Upon the Scheme becoming Effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of Hotel Chocolat Shares will cease to be valid and entitlements to Hotel Chocolat Shares held within the CREST system will be cancelled.

If the Scheme does not become Effective on or before 11.59pm (London time) on the Long-Stop Date, it will lapse and the Acquisition will not proceed (unless Bidco and Hotel Chocolat otherwise agree and the Panel otherwise consents).

The Scheme Document will include full details of the Scheme, together with notices of the Court Meeting and the General Meeting. The Scheme Document will also contain the expected timetable for the Acquisition and will specify the necessary actions to be taken by Hotel Chocolat Shareholders. It is expected that the Scheme Document, together with the Forms of Proxy and the Form of Election, will be posted to Hotel Chocolat Shareholders and, for information only, to persons with information rights and to holders of options and awards granted under the Hotel Chocolat Share Schemes within 28 days of this announcement (or such later time as Bidco and Hotel Chocolat and the Panel may agree). Subject, amongst other things, to the satisfaction or (where applicable) waiver of the Conditions, it is expected that the Scheme will become effective by Q1 2024.

17. Delisting and re-registration

It is intended that an application will be made to the London Stock Exchange for the cancellation of trading of the Hotel Chocolat Shares on AIM, with effect shortly following the Effective Date.

The last day for dealings in Hotel Chocolat Shares on AIM of the London Stock Exchange is expected to be the last Business Day immediately prior to the Effective Date and no transfers shall be registered after 6.00 p.m. (London time) on that date.

It is also intended that, following the Effective Date, Hotel Chocolat will be re-registered as a private limited company under the relevant provisions of the Companies Act.

18. Disclosure of interests in Hotel Chocolat relevant securities

Except for the irrevocable undertakings referred to in paragraph 6 above, as at close of business on 15 November 2023 (being the last Business Day prior to the date of this announcement), save as disclosed below, neither Bidco, nor any of the directors of Bidco or any member of the Bidco Group, nor, so far as the directors of Bidco are aware, any person acting in concert with Bidco for the purposes of the Acquisition had any interest in, right to subscribe for, or had borrowed or lent any Hotel Chocolat Shares or securities convertible or exchangeable into Hotel Chocolat Shares, nor did any such person have any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery, or any dealing arrangement of the kind referred to in Note 11 of the definition of acting in concert in the Code, in relation to Hotel Chocolat Shares or in relation to any securities convertible or exchangeable into Hotel Chocolat Shares.

In the interests of secrecy prior to this announcement, it has not been possible for Bidco to make enquiries in respect of the matters referred to in this paragraph of all parties who may be deemed or presumed by the Panel to be acting in concert with Bidco for the purposes of the Acquisition. Enquiries of such parties will be made as soon as practicable following the date of this announcement and any disclosure in respect of such parties will be included in the Opening Position Disclosure.

19. Overseas shareholders

The availability of the Acquisition (including the Partial Share Alternative) and the distribution of this announcement to Hotel Chocolat Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. Hotel Chocolat Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

This announcement does not constitute an offer for sale of any securities or an offer or an invitation to purchase any securities. Hotel Chocolat Shareholders are advised to read carefully the Scheme Document and related Forms of Proxy and Form of Election once these have been dispatched.

20. Documents published on a website

Copies of the following documents will, by no later than 12 noon (London time) on 17 November 2023, be published on Hotel Chocolat's website at <https://www.hotelchocolat.com/uk/investor-relations-offer.html> and Bidco's website at <https://www.mars.com/news-and-stories/press-releases-statements/recommended-acquisition-of-hotel-chocolat-group-plc> until the end of the offer period:

- (a) this announcement;
- (b) the irrevocable undertakings referred to in paragraph 6 above and summarised in Appendix 3 to this announcement;
- (c) the documents relating to the financing of the Acquisition referred to in paragraph 10 above;
- (d) the Confidentiality Agreement described in paragraph 12 above;
- (e) the Clean Team Agreement described in paragraph 12 above;
- (f) the Confidentiality and Joint Defence Agreement described in paragraph 12 above;
- (g) the Cooperation Agreement described in paragraph 12 above; and
- (h) the consent letters from each of Morgan Stanley, Lazard and Liberum referred to in paragraph 21 below.

21. General

Bidco reserves the right to elect, with the consent of the Panel and in accordance with the Cooperation Agreement, to implement the Acquisition by way of a Takeover Offer for the entire issued and to be issued share capital of Hotel Chocolat not already held by Bidco as an alternative to the Scheme. In such an event, the Takeover Offer will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme subject to appropriate amendments, including (without limitation) an acceptance condition set at 75 per cent. of the Hotel Chocolat Shares (or such other lower percentage (being more than 50 per cent.) as Bidco may, subject to the rules of the Code and the terms of the Cooperation Agreement and with the consent of the Panel, decide). If the Acquisition is effected by way of a Takeover Offer and such Takeover Offer becomes or is declared unconditional and sufficient acceptances are received, Bidco intends to: (i) make a request to the London Stock Exchange to cancel trading in Hotel Chocolat Shares on AIM; and (ii) exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining Hotel Chocolat Shares in respect of which the Takeover Offer has not been accepted.

The Scheme will be governed by English law and will be subject to the jurisdiction of the courts of England and Wales. The Scheme will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the AIM Rules and the FCA.

Each of Morgan Stanley, Lazard and Liberum has given and not withdrawn its consent to the inclusion in this announcement of references to its name in the form and context in which it appears.

The Acquisition will be on the terms and subject to the Conditions and certain further terms set out herein and in Appendix 1 and to the full terms and conditions which will be set out in the Scheme Document. The bases and sources of certain financial

information contained in this announcement are set out in Appendix 2. Details of the irrevocable undertakings and the non-binding letter of intent received by Bidco in connection with the Acquisition are set out in Appendix 3. Details of Bidco, the Rollover Shares and eligibility to subscribe for the Rollover Shares are set out in Appendix 4. Certain terms used in this announcement are defined in Appendix 5.

The Scheme Document, the Forms of Proxy and the Form of Election accompanying the Scheme Document are expected to be sent to Hotel Chocolat Shareholders within 28 days of this announcement (or on such later time as Bidco, Hotel Chocolat and the Panel may agree). A copy of the Scheme Document is also expected to be sent (for information only) to persons with information rights and participants in the Hotel Chocolat Share Schemes at the same time as it is posted to Hotel Chocolat Shareholders.

The person responsible for arranging the release of this announcement on behalf of Hotel Chocolat is Angus Thirlwell, Chief Executive Officer.

Enquiries

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Freshfields Bruckhaus Deringer LLP is acting as legal adviser to Bidco and Mars in connection with the Acquisition. Herbert Smith Freehills LLP is acting as legal adviser to Hotel Chocolat in connection with the Acquisition.

Further information

This announcement is for information purposes and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of Hotel Chocolat in any jurisdiction in contravention of applicable law. The Acquisition will be made solely by means of the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, the Offer Document), which will contain the full terms and conditions of the Acquisition including details of how to vote in respect of the Acquisition. Any vote in respect of the Scheme or other response in relation to the Acquisition should be made only on the basis on the information contained in the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, the Offer Document). Hotel Chocolat and Bidco urge Hotel Chocolat Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Acquisition.

This announcement is an advertisement and does not constitute a prospectus or prospectus equivalent.

Please be aware that addresses, electronic addresses and certain other information provided by Hotel Chocolat Shareholders, persons with information rights and other relevant persons for the receipt of communications from Hotel Chocolat may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c).

Morgan Stanley, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively as financial adviser to Bidco and Mars and no one else in connection with the matters contained in this announcement and Morgan Stanley, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to anyone other than Bidco and Mars for providing the protections afforded to clients of Morgan Stanley nor for providing advice in connection with the matters contained in this announcement or any other matter referred to herein.

Lazard, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively as financial adviser and Rule 3 adviser to Hotel Chocolat and no one else in connection with the Acquisition and will not be responsible to anyone other than Hotel Chocolat for providing the protections afforded to clients of Lazard nor for providing advice in relation to the Acquisition or any other matters referred to herein. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with this announcement, any statement contained herein or otherwise.

Liberum, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Hotel Chocolat and for no one else in connection with the subject matter of this announcement and will not be responsible to anyone other than Hotel Chocolat for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this announcement. Neither Liberum nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Liberum in connection with the Acquisition, this announcement, any statement contained herein or otherwise. No representation or warranty, express or implied, is made by Liberum as to the contents of this announcement.

Overseas jurisdictions

The release, publication or distribution of this announcement in or into jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular the ability of persons who are not resident in the United Kingdom, to vote their Hotel Chocolat Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This announcement has been prepared for the purposes of

complying with English law, the AIM Rules and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside of England.

Copies of this announcement and formal documentation relating to the Acquisition will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of Takeover Offer (unless otherwise permitted by applicable law or regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

The availability of the Acquisition (including the Partial Share Alternative) to Hotel Chocolat Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

The Acquisition shall be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the FCA and the AIM Rules.

Additional information for US investors

The Acquisition is being made to acquire the shares of an English company by means of a scheme of arrangement provided for under English law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Scheme will be subject to disclosure requirements and practices applicable in the UK to schemes of arrangement, which are different from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this announcement and the Scheme documentation has been or will have been prepared in accordance with accounting standards applicable in the United Kingdom and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. If Bidco exercises its right to implement the acquisition of the Hotel Chocolat Shares by way of a Takeover Offer, such offer will be made in compliance with applicable US laws and regulations.

The receipt of cash pursuant to the Acquisition by a US holder as consideration for the transfer of its Hotel Chocolat Shares pursuant to the Scheme will likely be a taxable transaction for United States federal income tax purposes and under applicable United States state and local,

as well as foreign and other, tax laws. Each Hotel Chocolat Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to them.

The Rollover Shares issued under the Partial Share Alternative will not be registered under the US Securities Act of 1933 (the “**Securities Act**”). Bidco expects to issue the Rollover Shares in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof (“**Section 3(a)(10)**”). Section 3(a)(10) exempts securities issued in specified exchange transactions from the registration requirement under the Securities Act where, among other things, the fairness of the terms and conditions of the issuance and exchange of such securities have been approved by a court or governmental authority expressly authorised by law to grant such approval, after a hearing upon the fairness of the terms and conditions of the exchange at which all persons to whom the Rollover Shares are proposed to be issued have the right to appear and receive adequate and timely notice thereof. If Bidco exercises its right to implement the acquisition of the Hotel Chocolat Shares by way of a Takeover Offer, the Rollover Shares will not be offered in the United States except pursuant to an exemption from or in a transaction not subject to registration under the Securities Act.

The Rollover Shares that may be issued pursuant to the Acquisition have not been and will not be registered under the Securities Act or under the relevant securities laws of any state or territory or other jurisdiction of the United States and will not be listed on any stock exchange. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the Partial Share Alternative or determined if the Scheme Document is accurate or complete. Any representation to the contrary is a criminal offence.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act (to the extent applicable), Bidco or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Hotel Chocolat Shares outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made, they would be made outside of the US and would be in accordance with applicable law, including the US Exchange Act and the Code. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com.

Forward looking statements

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Bidco, Mars and Hotel Chocolat contain statements which are, or may be deemed to be, “forward-looking statements”. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco, Mars and Hotel Chocolat about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on Bidco, Mars and Hotel Chocolat, the expected timing and scope of the

Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “plans”, “expects” or “does not expect”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “goal”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Although Bidco, Mars and Hotel Chocolat believe that the expectations reflected in such forward-looking statements are reasonable, Bidco, Mars and Hotel Chocolat can give no assurance that such expectations will prove to be correct. 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. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions, and any epidemic, pandemic or disease outbreak. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Bidco, Mars nor Hotel Chocolat, nor any of their respective associates or directors, members, managers, partners, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place any reliance on these forward-looking statements. The forward-looking statements speak only at the date of this announcement. All subsequent oral or written forward-looking statements attributable to Bidco or any member of the Wider Bidco Group or the Hotel Chocolat Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above. Other than in accordance with their legal or regulatory obligations, neither Bidco, Mars or Hotel Chocolat is under any obligation, and Bidco, Mars and Hotel Chocolat expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Dealing disclosure requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities

exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

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

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

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

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

No profit forecasts, estimates or quantified financial benefits statements

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

Rounding

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

General

Bidco reserves the right to elect, with the consent of the Panel and subject to the terms of the Cooperation Agreement, to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme. If the Acquisition is effected by way of a Takeover Offer, and such offer becomes or is declared unconditional and sufficient acceptances are received, Bidco

intends to exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act so as to acquire compulsorily the remaining Hotel Chocolat Shares in respect of which the Takeover Offer has not been accepted.

Investors should be aware that Bidco may purchase Hotel Chocolat Shares otherwise than under any Takeover Offer or the Scheme, including pursuant to privately negotiated purchases.

If you are in any doubt about the contents of this announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor or independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser.

Rule 2.9 of the Code

For the purposes of Rule 2.9 of the Code, Hotel Chocolat confirms that it has in issue 137,597,673 ordinary shares of 0.1 pence each. The ISIN for the shares is GB00BYZC3B04. Hotel Chocolat holds no shares in treasury.

Publication on website and hard copies

A copy of this announcement and the documents required to be published by Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Bidco's website at <https://www.mars.com/news-and-stories/press-releases-statements/recommended-acquisition-of-hotel-chocolat-group-plc> and Hotel Chocolat's website at <https://www.hotelchocolat.com/uk/investor-relations-offer.html> by no later than 12 noon (London time) on the Business Day following publication of this announcement. For the avoidance of doubt, the contents of any websites referred to in this announcement are not incorporated into and do not form part of this announcement.

Hotel Chocolat Shareholders, persons with information rights and participants in the Hotel Chocolat Share Schemes may request a hard copy of this announcement by contacting Equiniti during business hours on +44 (0)371 384 2030 or by submitting a request in writing to Equiniti at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom. If you have received this announcement in electronic form, copies of this announcement and any document or information incorporated by reference into this document will not be provided unless such a request is made.

Appendix 1

Conditions and Certain Further Terms of the Scheme and the Acquisition

Part A Conditions to the Scheme and Acquisition

Long-Stop Date

1. The Acquisition is conditional upon the Scheme becoming unconditional and becoming effective, subject to the provisions of the Code, by no later than 11.59 p.m. on the Long-Stop Date.

Scheme approval

2. The Scheme will be conditional upon:
 - (a) (i) its approval by a majority in number of, representing not less than 75 per cent. in value of the Hotel Chocolat Shares voted by, Scheme Shareholders (or each of the relevant classes thereof, if applicable) present and voting and entitled to vote, either in person or by proxy, at the Court Meeting (or at any separate class meeting, if applicable), or at any adjournment thereof; and (ii) the Court Meeting (and any separate class meeting, if applicable) and any adjournment thereof being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date (if any) as Bidco and Hotel Chocolat may agree, with the consent of the Panel (and that the Court may allow, if required));
 - (b) (i) all Resolutions being duly passed by the requisite majority or majorities at the General Meeting or at any adjournment thereof; and (ii) the General Meeting and any adjournment thereof being held on or before the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document in due course (or such later date (if any) as Bidco and Hotel Chocolat may agree, with the consent of the Panel (and that the Court may allow, if required)); and
 - (c) (i) the sanction of the Scheme by the Court without modification or with modification on terms acceptable to Bidco and Hotel Chocolat and the delivery of a copy of the Scheme Court Order to the Registrar of Companies; and (ii) the Scheme Court Hearing being held on or before the 22nd day after the expected date of the Scheme Court Hearing to be set out in the Scheme Document in due course (or such later date (if any) as Bidco and Hotel Chocolat may agree, with the consent of the Panel, (and that the Court may allow, if required)).

In addition, subject to as stated in Part B of Appendix 1 below and to the requirements of the Panel, Bidco and Hotel Chocolat have agreed that the Acquisition will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless such Conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

Official authorisations and regulatory clearances

General Third Party official authorisations and regulatory clearances

3. all notifications to, and filings with, Third Parties which are necessary or are reasonably considered appropriate by Bidco having been made, all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory or regulatory obligations in any relevant jurisdiction having been complied with in each case in connection with the Acquisition or, except pursuant to Chapter 3 of Part 28 of the Companies Act, the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Hotel Chocolat or any other member of the Wider Hotel Chocolat Group by any member of the Wider Bidco Group or the carrying on by any member of the Wider Hotel Chocolat Group of any material aspect of its business, and all such Authorisations remaining in full force and effect at the time at which the Acquisition becomes otherwise unconditional and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;
4. no Third Party having intervened (as defined below) and there not continuing to be outstanding any statute, regulation or order of any Third Party in each case which is or is likely to be material in the context of the Wider Bidco Group or Wider Hotel Chocolat Group or the Acquisition which would reasonably be expected to:
 - (a) make the Scheme or the Acquisition or, in each case, its implementation or the acquisition or proposed acquisition by Bidco or any member of the Wider Bidco Group of any shares or other securities in, or control or management of, Hotel Chocolat or any member of the Wider Hotel Chocolat Group void, illegal or unenforceable in any jurisdiction, or otherwise directly or indirectly materially restrain, prevent, prohibit, restrict or delay the same or impose additional material conditions or obligations with respect to the Scheme or the Acquisition or such acquisition, or otherwise materially impede, challenge or interfere with the Scheme or Acquisition or such acquisition, or require material amendment to the terms of the Scheme or Acquisition or the acquisition or proposed acquisition of any Hotel Chocolat Shares or the acquisition of control or management of Hotel Chocolat or the Wider Hotel Chocolat Group by Bidco or any member of the Bidco Group;
 - (b) materially limit or delay, or impose any material limitations on, the ability of any member of the Wider Bidco Group or any member of the Wider Hotel Chocolat Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities in, or to exercise voting or management control over, any member of the Wider Hotel Chocolat Group or any member of the Wider Bidco Group;
 - (c) require, prevent or materially delay the divestiture or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Bidco Group of any shares or other securities in any member of the Wider Hotel Chocolat Group;

- (d) require, prevent or materially delay the divestiture or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Bidco Group or by any member of the Wider Hotel Chocolat Group of all or any material portion of their respective businesses, assets or properties or materially limit the ability of any of them to conduct any of their respective businesses or to own or control any of their respective assets or properties or any part thereof;
- (e) except pursuant to sections 974 to 991 of the Companies Act, require any member of the Wider Bidco Group or of the Wider Hotel Chocolat Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) in any member of either group owned by any third party;
- (f) materially adversely limit the ability of any member of the Wider Bidco Group or of the Wider Hotel Chocolat Group to conduct or integrate or coordinate or manage its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider Bidco Group or of the Wider Hotel Chocolat Group;
- (g) result in any member of the Wider Hotel Chocolat Group or the Wider Bidco Group ceasing to be able to carry on business under any name under which it presently does so; or
- (h) otherwise materially adversely affect any or all of the business, assets, profits, financial or trading position or prospects of any member of the Wider Hotel Chocolat Group or of the Wider Bidco Group,

and all applicable waiting and other time periods during which any Third Party could intervene under the laws of any relevant jurisdiction having expired, lapsed or been terminated;

5. all Authorisations which are necessary or are reasonably considered necessary or appropriate by Bidco in any relevant jurisdiction for or in respect of the Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Hotel Chocolat or any other member of the Wider Hotel Chocolat Group by any member of the Wider Bidco Group or the carrying on by any member of the Wider Hotel Chocolat Group of its business having been obtained, in terms and in a form reasonably satisfactory to Bidco, from all appropriate Third Parties or from any persons or bodies with whom any member of the Wider Hotel Chocolat Group has entered into contractual arrangements in each case where the absence of such Authorisation would have a material adverse effect on the Hotel Chocolat Group taken as a whole and all such Authorisations remaining in full force and effect and at the time which the Acquisition becomes otherwise unconditional there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of such Authorisations;

Certain matters arising as a result of any arrangement, agreement etc.

6. except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise or other instrument to which any member of the Wider Hotel Chocolat Group is a party, or by or to which any such member or any of its assets is or are or

may be bound, entitled or subject or any circumstance, which, in each case as a consequence of the Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control of, Hotel Chocolat or any other member of the Wider Hotel Chocolat Group by any member of the Wider Bidco Group or otherwise, would reasonably be expected to result in (in any case to an extent which is or would be material and adverse in the context of the Hotel Chocolat Group taken as a whole):

- (a) any monies borrowed by or any other indebtedness (actual or contingent) of, or any grant available to, any member of the Wider Hotel Chocolat Group being or becoming repayable or capable of being declared repayable, immediately or prior to its stated maturity date or repayment date, or the ability of any member of the Wider Hotel Chocolat Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;
- (b) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Wider Hotel Chocolat Group or any such mortgage, charge or other security interest (wherever created, arising or having arisen) becoming enforceable;
- (c) any such arrangement, agreement, licence, permit, franchise or instrument, or the rights, liabilities, obligations or interests of any member of the Wider Hotel Chocolat Group thereunder, being, or becoming capable of being, terminated or adversely modified or affected or any adverse action being taken or any obligation or liability arising thereunder;
- (d) any asset or interest of any member of the Wider Hotel Chocolat Group being or falling to be disposed of or charged or ceasing to be available to any member of the Wider Hotel Chocolat Group or any right arising under which any such asset or interest could be required to be disposed of or could cease to be available to any member of the Wider Hotel Chocolat Group otherwise than in the ordinary course of business;
- (e) any member of the Wider Hotel Chocolat Group ceasing to be able to carry on business under any name under which it presently does so;
- (f) the creation of material liabilities (actual or contingent) by any member of the Wider Hotel Chocolat Group other than trade creditors or other liabilities incurred in the ordinary course of business;
- (g) the rights, liabilities, obligations or interests of any member of the Wider Hotel Chocolat Group under any such arrangement, agreement, licence, permit, franchise or other instrument or the interests or business of any such member in or with any other person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being terminated or adversely modified or affected; or
- (h) the financial or trading position or the prospects or the value of any member of the Wider Hotel Chocolat Group being prejudiced or adversely affected,

and no event having occurred which, under any provision of any such arrangement, agreement, licence, permit or other instrument, would be reasonably likely to result in any of the events or circumstances which are referred to in paragraphs (a) to (h) of this Condition 6 in any case to an extent which is or would be material and adverse in the context of the Hotel Chocolat Group taken as a whole;

7. since 2 July 2023 and except as Disclosed, no member of the Wider Hotel Chocolat Group having:
- (a) issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold any shares out of treasury, other than as between Hotel Chocolat and wholly-owned subsidiaries of Hotel Chocolat other than any shares issued or shares transferred from treasury upon the exercise of any options or vesting of awards granted in the ordinary course under any of the Hotel Chocolat Share Schemes;
 - (b) purchased or redeemed or repaid any of its own shares or other securities or reduced or made any other change to any part of its share capital;
 - (c) recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise or made any bonus issue (other than to Hotel Chocolat or a wholly-owned subsidiary of Hotel Chocolat);
 - (d) except as between Hotel Chocolat and its wholly-owned subsidiaries or between such wholly-owned subsidiaries made or authorised any change in its loan capital;
 - (e) (other than any acquisition or disposal of assets in the ordinary course of business or a transaction between Hotel Chocolat and a wholly-owned subsidiary of Hotel Chocolat or between such wholly-owned subsidiaries) merged with, demerged or acquired any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged, charged or created any security interest over any assets or any right, title or interest in any assets (including shares in any undertaking and trade investments) or authorised the same;
 - (f) issued or authorised the issue of, or made any change in or to, any debentures or (except in the ordinary course of business or except as between Hotel Chocolat and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or liability (actual or contingent) which in any case is material in the context of the Hotel Chocolat Group taken as a whole;
 - (g) entered into, varied, or authorised any material agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which, except in the ordinary course of business:

- (i) is of a long term, onerous or unusual nature or magnitude or which is reasonably likely to involve an obligation of such nature or magnitude;
or
- (ii) restricts or would reasonably be likely to restrict the business of any member of the Wider Hotel Chocolat Group,

and which is material in the context of the Hotel Chocolat Group taken as a whole;

- (h) except as pursuant to the Acquisition and except as between Hotel Chocolat and its wholly-owned subsidiaries or between such wholly-owned subsidiaries entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement in respect of itself or another member of the Wider Hotel Chocolat Group otherwise than in the ordinary course of business which in any case is material in the context of the Hotel Chocolat Group taken as a whole;
- (i) entered into or varied the terms of, any contract, agreement or arrangement with any of the directors or senior executives of any member of the Wider Hotel Chocolat Group;
- (j) other than in respect of a member of the Wider Hotel Chocolat Group which is dormant and was solvent at the relevant time, taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding-up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction which in any case is material in the context of the Hotel Chocolat Group taken as a whole;
- (k) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business in any case with a material adverse effect on the Hotel Chocolat Group taken as a whole;
- (l) waived or compromised any claim, otherwise than in the ordinary course of business, which is material in the context of the Hotel Chocolat Group taken as a whole;
- (m) other than in connection with the Scheme, made any alteration to its memorandum or articles of association which is material in the context of the Acquisition;
- (n) except in relation to changes required as a result of changes to legislation, made or agreed or consented to:
 - (i) any material change:

- (A) to the terms of the trust deeds constituting the pension scheme(s) established for its directors, employees or their dependants; or
- (B) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder; or
- (C) the basis on which qualification for, or accrual or entitlement to such benefits or pensions are calculated or determined; or
- (D) the basis upon which the liabilities (including pensions) or such pension schemes are funded, valued or made,

in each case, which has or would reasonably be expected to have an effect that is material in the context of the Hotel Chocolat Group taken as a whole;

- (o) proposed, agreed to provide or modified the terms of any share option scheme or award, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider Hotel Chocolat Group, other than as set out in the Cooperation Agreement, and which are material in the context of the Wider Hotel Chocolat Group taken as a whole; or
- (p) entered into any agreement, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this Condition 7;

No adverse change, litigation or regulatory enquiry

8. since 2 July 2023 and except as Disclosed:

- (a) there having been no adverse change or deterioration in the business, assets, financial or trading positions or profit or prospects of any member of the Wider Hotel Chocolat Group which in any case is material in the context of the Hotel Chocolat Group taken as a whole;
- (b) no contingent or other liability of any member of the Wider Hotel Chocolat Group having arisen or become apparent or increased which would reasonably be expected to affect adversely the business, assets, financial or trading position or profits or prospects of any member of the Wider Hotel Chocolat Group to an extent which is material in the context of the Hotel Chocolat Group taken as a whole;
- (c) no steps having been taken and no omissions having been made which would result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Hotel Chocolat Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which would have a material adverse effect on the Wider Hotel Chocolat Group taken as a whole;

- (d) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Hotel Chocolat Group is or may become a party (whether as plaintiff, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider Hotel Chocolat Group which in each case would have a material adverse effect in the context of the Wider Hotel Chocolat Group taken as a whole;
- (e) (other than as a result of or in connection with the Acquisition but without prejudice to any other Condition) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the Wider Hotel Chocolat Group which in each case would have a material and adverse effect in the context of the Wider Hotel Chocolat Group taken as a whole;
- (f) on or after the date of this announcement, other than with the consent of Bidco, no action having been taken or proposed by any member of the Wider Hotel Chocolat Group, or having been approved by Hotel Chocolat Shareholders or consented to by the Panel, which falls or would fall within or under Rule 21.1 of the Code or which otherwise is or would be materially inconsistent with the implementation by Bidco of the Acquisition on the basis contemplated as at the date of this announcement; and
- (g) no member of the Wider Hotel Chocolat Group having conducted its business in breach of any applicable laws and regulations which in any case is material in the context of the Hotel Chocolat Group taken as a whole;

No discovery of certain matters

- 9. save as Disclosed, Bidco not having discovered:
 - (a) that any financial or business or other information concerning the Wider Hotel Chocolat Group disclosed at any time by or on behalf of any member of the Wider Hotel Chocolat Group, whether publicly, to any member of the Wider Bidco Group or to any of their advisers or otherwise, is materially misleading or contains a material misrepresentation of fact or omits to state a fact necessary to make any information contained therein not misleading and which was not subsequently corrected before the date of this announcement by disclosure either publicly or otherwise to Bidco or its professional advisers to an extent which in any case is material in the context of the Hotel Chocolat Group taken as a whole; or
 - (b) that any member of the Wider Hotel Chocolat Group is subject to any liability (actual or contingent) which is not disclosed in Hotel Chocolat's annual report and accounts for the period ended 2 July 2023 which has not been Disclosed and which in any case is material in the context of the Hotel Chocolat Group taken as a whole;
 - (c) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider Hotel Chocolat Group to an

extent which is material in the context of the Hotel Chocolat Group taken as a whole;

- (d) that any past or present member of the Wider Hotel Chocolat Group has not complied with any applicable legislation or regulations of any jurisdiction with regard to the use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health, or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, release, disposal, discharge, spillage, leak or emission (whether or not this constituted a non-compliance by any person with any legislation or regulations and wherever the same may have taken place) which, in any case, would be likely to give rise to a liability (whether actual or contingent) or cost on the part of any member of the Wider Hotel Chocolat Group which in any case is material in the context of the Hotel Chocolat Group taken as a whole;
- (e) that there is, or is likely to be, any material liability, whether actual or contingent, to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider Hotel Chocolat Group or any other property or any controlled waters under any environmental legislation, regulation, notice, circular, order or other lawful requirement of any relevant authority or third party or otherwise which in any case is material in the context of the Hotel Chocolat Group taken as a whole; or
- (f) that circumstances exist whereby a person or class of persons would be likely to have a claim in respect of any product or process of manufacture or materials used therein now or previously manufactured, sold or carried out by any past or present member of the Wider Hotel Chocolat Group which is or would be material in the context of the Hotel Chocolat Group taken as a whole;

Anti-corruption, sanctions and criminal property

10. Bidco not having discovered other than as Disclosed that:
- (a) (i) any past or present member, director, officer or employee of the Wider Hotel Chocolat Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other anti-corruption legislation applicable to the Wider Hotel Chocolat Group or (ii) any person that performs or has performed services for or on behalf of the Wider Hotel Chocolat Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation;
 - (b) any asset of any member of the Wider Hotel Chocolat Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition);

- (c) any past or present member, director, officer or employee of the Hotel Chocolat Group, or any other person for whom any such person may be liable or responsible, has engaged in any business with, made any investments in, made any funds or assets available to or received any funds or assets from: (i) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury; or (ii) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states; or
- (d) a member of the Hotel Chocolat Group has engaged in any transaction which would cause Bidco to be in breach of any law or regulation upon its acquisition of Hotel Chocolat, including the economic sanctions of the United States Office of Foreign Assets Control or HM Treasury, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states.

For the purpose of these Conditions:

- (i) **“Third Party”** means any central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, authority (including any national or supranational anti-trust or merger control authority), court, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction, including, for the avoidance of doubt, the Panel;
- (ii) a Third Party shall be regarded as having **“intervened”** if it has decided or, if applicable, given notice of a decision, to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or made, proposed or enacted any statute, regulation, decision or order or taken any measures or other steps or required any action to be taken or information to be provided or otherwise having done anything and **“intervene”** shall be construed accordingly; and
- (iii) **“Authorisations”** means authorisations, orders, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, provisions and approvals, in each case, of a Third Party.

Part B Waiver and invocation of the Conditions

11. Subject to the requirements of the Panel, Bidco reserves the right in its sole discretion to waive all or any of the Conditions set out in Part A of this Appendix 1 except Conditions 2(a)(i), 2(b)(i), 2(c)(i) which cannot be waived. The deadlines in any of Conditions 2(a)(ii), 2(b)(ii) and 2(c)(ii) may be extended to such later date as may be agreed in writing by Bidco and Hotel Chocolat (with the consent of the Panel, if

required) and with the approval of the Court, if such approval is required. If any of Conditions 2(a)(ii), 2(b)(ii) or 2(c)(ii) are not satisfied by the deadline specified in the relevant Condition, Bidco shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked the relevant Condition, waived the relevant deadline or agreed with Hotel Chocolat to extend the relevant deadline.

12. Bidco shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of Conditions 3 to 10 in Part A of this Appendix 1 by a date earlier than the Long-Stop Date, notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are, at such earlier date, no circumstances indicating that any Condition may not be capable of fulfilment.
13. Subject to paragraph 14 below, under Rule 13.5(a) of the Code, Bidco may only invoke a Condition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn with the consent of the Panel. The Panel will normally only give its consent if the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. This will be judged by reference to the facts of each case at the time that the relevant circumstances arise.
14. The Conditions set out in paragraphs 1 and 2(a)(i), 2(b)(i) and 2(c)(i) of Part A of this Appendix 1 (and any Takeover Offer acceptance condition adopted on the basis specified in Part C of this Appendix 1) will not be subject to Rule 13.5(a) of the Code.
15. Any Condition that is subject to Rule 13.5(a) of the Code may be waived by Bidco.
16. The Scheme will not become effective unless the Conditions have been fulfilled or (to the extent capable of waiver) waived or, where appropriate, have been determined by Bidco to be or remain satisfied by no later than the Long-Stop Date.
17. If the Panel requires Bidco to make an offer or offers for any Hotel Chocolat Shares under the provisions of Rule 9 of the Code, Bidco may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.
18. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

Part C Implementation by way of Takeover Offer

19. Bidco reserves the right to elect to implement the Acquisition by way of a Takeover Offer, subject to the Panel's consent and (where relevant) to the terms of the Cooperation Agreement. In such event, subject to the Cooperation Agreement, such Takeover Offer will be implemented on the same terms and conditions, so far as applicable, as those which would apply to the Scheme subject to appropriate amendments to reflect the change in method of effecting the Acquisition, including (without limitation and subject to the consent of the Panel) an acceptance condition that is set at 75 per cent. of the Hotel Chocolat Shares (or such other percentage (being more than 50 per cent.) as Bidco may decide (subject to the Panel's consent)) (i) in nominal value of the shares to which such Takeover Offer relates; and (ii) of the voting rights attaching to those shares.

Part D Certain further terms of the Acquisition

20. Hotel Chocolat Shares will be acquired by Bidco fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and other third party rights of any nature whatsoever and together with all rights attaching to them as at the date of this announcement or subsequently attaching or accruing to them, including the right to receive and retain, in full, all dividends and other distributions (if any) declared, made, paid or payable, or any other return of capital or value made, on or after the date of this announcement, other than any dividend or distribution in respect of which Bidco exercises its rights under the terms of the Acquisition to reduce the consideration payable in respect of each Hotel Chocolat Share.
21. If, on or after the date of this announcement and prior to the Effective Date, any dividend and/or other distribution and/or other return of capital or value is announced, declared, made or paid or becomes payable in respect of the Hotel Chocolat Shares, Bidco reserves the right (without prejudice to any right of Bidco to invoke Condition 7(c) in Part A of this Appendix 1), to reduce the consideration payable under the Cash Offer (and, as the case may be, the consideration due under the Partial Share Alternative) under the terms of the Acquisition for the Hotel Chocolat Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital or value. In such circumstances, Hotel Chocolat Shareholders shall be entitled to retain any such dividend, distribution, or other return of value declared, made, or paid. Where the consideration payable is so reduced, any reference in this announcement or in the Scheme Document to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced. To the extent that any such dividend and/or distribution and/or other return of capital or value is announced declared, made or paid or is payable and it is: (i) transferred pursuant to the Acquisition on a basis which entitles Bidco to receive the dividend or distribution and to retain it; or (ii) cancelled, the consideration payable under the terms of the Acquisition will not be subject to change in accordance with this paragraph. Any exercise by Bidco of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Acquisition.
22. The Acquisition will be subject, *inter alia*, to the Conditions and certain further terms which are set out in this Appendix 1 and those terms which will be set out in the Scheme Document and such further terms as may be required to comply with the provisions of the Code.
23. The availability of the Acquisition (including the Partial Share Alternative) to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. Further information in relation to Overseas Shareholders will be contained in the Scheme Document.
24. Unless otherwise determined by Bidco or required by the Code and permitted by applicable law and regulations, the Acquisition (including the Partial Share Alternative) is not being, and will not be, made, directly or indirectly, in, into or by the use of the mail of, or by any other means or instrumentality (including, but not limited

to, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction.

25. This announcement and any rights or liabilities arising hereunder, the Acquisition, the Scheme, the Partial Share Alternative (and any elections thereunder) and any proxies will be governed by English law and be subject to the jurisdiction of the courts of England and Wales. The Scheme will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the AIM Rules and the FCA.

Appendix 2

Bases and Sources

1. The value attributed to the fully diluted ordinary share capital of Hotel Chocolat is based upon the 137,597,673 Hotel Chocolat Shares in issue on 15 November 2023 (being the last Business Day prior to this announcement) and an additional 4,735,557 Hotel Chocolat Shares, being the maximum number of Hotel Chocolat Shares that may be issued on or after the date of this announcement to satisfy the exercise and vesting of options and awards outstanding under the Hotel Chocolat Share Schemes as at 15 November 2023 (being the last Business Day prior to this announcement).
2. The 4,735,557 Hotel Chocolat Shares required to satisfy the exercise and vesting of options and awards outstanding under the Hotel Chocolat Share Schemes comprise:
 - (i) 2,966,984 Hotel Chocolat Shares which may be issued on or after the date of this announcement pursuant to the Hotel Chocolat Long Term Incentive Plan; plus
 - (ii) 159,422 Hotel Chocolat Shares which may be issued on or after the date of this announcement pursuant to the Hotel Chocolat Founder Shares Plan; plus
 - (iii) 1,609,151 Hotel Chocolat Shares which may be issued on or after the date of this announcement pursuant to the Hotel Chocolat Save As You Earn Plan.
3. The value of approximately £534 million for the entire issued and to be issued share capital of Hotel Chocolat is based on:
 - (i) the Cash Offer of 375 pence for each Hotel Chocolat Share; and
 - (ii) Hotel Chocolat's fully diluted issued ordinary share capital of 142,333,230 Hotel Chocolat Shares, as set out in paragraph 1 above.
4. The enterprise value of Hotel Chocolat is calculated by reference to the valuation of the Cash Offer referenced in paragraph 3 above plus Hotel Chocolat's reported net debt of £36.8 million (being Hotel Chocolat's reported gross debt of £48.0 million less Hotel Chocolat's reported cash and cash equivalents of £11.2 million) less reported equity investments of £0.1 million, as published by Hotel Chocolat in its annual report and accounts for the period ended 2 July 2023.
5. Hotel Chocolat's underlying EBITDA (on a post-IFRS 16 basis) for the 53-week period ended 2 July 2023 of £24.1 million has been extracted from Hotel Chocolat's annual report and accounts for the period ended 2 July 2023. "**Underlying EBITDA**" is defined as earnings before net finance costs, depreciation and amortisation, profit/loss on disposal of assets, share-based payment charges (and related taxes), share of profit/loss of joint ventures or associates, tax and exceptional or adjusting items.
6. Unless otherwise stated, the financial information on Hotel Chocolat is extracted (without material adjustment) from Hotel Chocolat's annual report and accounts for the period ended 2 July 2023.

7. The market prices of the Hotel Chocolat Shares are the closing middle market quotations as derived from information published by the London Stock Exchange.
8. The volume-weighted average prices have been derived from Bloomberg data.
9. Certain figures included in this announcement have been subject to rounding adjustments.

Appendix 3 Details of Irrevocable Undertakings and Letter of Intent

Founders and Family Trusts

The Founders and the Family Trusts have given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of the Takeover Offer, to accept the Takeover Offer) in relation to the following Hotel Chocolat Shares:

Registered holder	Beneficial holder	Number of Hotel Chocolat Shares	Percentage of issued ordinary share capital of Hotel Chocolat
Angus Thirlwell	Angus Thirlwell	31,955,657	23.2
Peter Harris	Peter Harris	31,955,657	23.2
Thirlwell Family Trust	The children of Angus Thirlwell	5,300,000	3.9
Harris Family Trust	The children and grandchildren of Peter Harris	5,300,000	3.9

The Founder Irrevocable Undertakings also extend to any Hotel Chocolat Shares acquired by such Hotel Chocolat Directors as a result of the vesting of awards or the exercise of options under the Hotel Chocolat Share Schemes.

The Founders and the Thirlwell Family Trust have also irrevocably undertaken to elect for the Partial Share Alternative in respect of the following Hotel Chocolat Shares:

Registered holder	Beneficial holder	Number of Hotel Chocolat Shares	Percentage of issued ordinary share capital of Hotel Chocolat
Angus Thirlwell	Angus Thirlwell	24,473,247	17.8
Peter Harris	Peter Harris	14,233,323	10.3
Thirlwell Family Trust	The children of Angus Thirlwell	3,993,399	2.9

The Founder Irrevocable Undertakings and the Family Trust Irrevocable Undertakings remain binding in the event that a higher competing offer is made for Hotel Chocolat and will cease to be binding only if the Scheme lapses or is withdrawn.

Other Hotel Chocolat Directors

The following other Hotel Chocolat Directors (being all other Hotel Chocolat Directors who are interested in Hotel Chocolat Shares) have given irrevocable undertakings to vote (or procure the voting) in favour of the Scheme at the Court Meeting and the Resolutions at the General

Meeting (or in the event that the Acquisition is implemented by way of a Takeover Offer, to accept, or procure the acceptance of, the Takeover Offer) in relation to the following Hotel Chocolat Shares:

Name	Number of Hotel Chocolat Shares	Percentage of issued ordinary share capital of Hotel Chocolat
Gregory Hodder	8,802	0.01
Sophie Tomkins	5,014	0.00
Jonathan Akehurst	597	0.00

These irrevocable undertakings remain binding in the event that a higher competing offer is made for Hotel Chocolat and will cease to be binding only if the Scheme lapses or is withdrawn.

Phoenix Asset Management Partners Limited

Phoenix, an entity exercising investment management control over certain Hotel Chocolat Shares, has given an irrevocable undertaking to vote (or procure the voting) in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of the Takeover Offer, to accept, or procure the acceptance of, the Takeover Offer) in relation to the following Hotel Chocolat Shares:

Investment manager	Number of Hotel Chocolat Shares	Percentage of issued ordinary share capital of Hotel Chocolat
Phoenix Asset Management Partners Limited	14,349,649	10.4

Pursuant to the Phoenix Irrevocable Undertaking, Phoenix has also irrevocably undertaken not to elect for the Partial Share Alternative in respect of the Hotel Chocolat Shares which are subject to the Phoenix Irrevocable Undertaking.

The Phoenix Irrevocable Undertaking remains binding in the event that a higher competing offer is made for Hotel Chocolat and will cease to be binding only if the Scheme lapses or is withdrawn.

In addition, Phoenix has delivered a non-binding letter of intent to vote (or procure the voting) in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, in the event that the Acquisition is implemented by way of the Takeover Offer, to accept the Takeover Offer) in relation to the following Hotel Chocolat Shares:

Investment manager	Number of Hotel Chocolat Shares	Percentage of issued ordinary share capital of Hotel Chocolat
Phoenix Asset Management Partners Limited	6,878,383	5.0

In aggregate, the Phoenix Irrevocable Undertaking and the non-binding letter of intent from Phoenix provide support for the Acquisition in respect of all Hotel Chocolat Shares over which Phoenix exercises investment management control.

Appendix 4

Details on Bidco and the Rollover Shares

1. Information on Bidco and the intermediate holding company

Bidco is a corporation incorporated under the laws of the State of Delaware in the United States of America. Bidco is indirectly wholly owned by Mars and was formed for the purpose of implementing the Acquisition. Bidco has not traded or entered into any obligations other than in connection with the Acquisition. The share capital of Bidco currently comprises 100 Initial Bidco Shares, but will be reorganised on or around the Effective Date so that it comprises 99,633,261 Bidco A Shares and 42,699,969 Rollover Shares, and the Initial Bidco Shares will be cancelled.

At the date of this announcement, Bidco is a wholly-owned direct subsidiary of Mars Snacking Holdings.

Mars Snacking Holdings is a corporation incorporated in Delaware, United States of America and is a wholly-owned direct subsidiary of Mars.

Set out below is a summary of the proposed share capital structure of Bidco and the provisions of the Bidco Organisational Documents and the Bidco Shareholders' Agreement governing the terms on which eligible Hotel Chocolat Shareholders who validly elect for the Partial Share Alternative will hold Rollover Shares in Bidco pursuant to the mechanism described in paragraphs 13 and 14 of the announcement above. Further details will be included in the Scheme Document.

Eligible Hotel Chocolat Shareholders who elect for the Partial Share Alternative will, pursuant to a power of attorney to be included in the Form of Election and/or the Scheme, deliver a fully executed deed of adherence pursuant to which they will be bound by the Bidco Shareholders' Agreement.

2. Information on Bidco shares

On or around the Effective Date, Bidco is expected to issue around 142,333,230 Bidco Shares (on the basis of the maximum issue of Hotel Chocolat Shares pursuant to the Hotel Chocolat Share Schemes described in Appendix 2), and the Initial Bidco Shares will be cancelled. If the Partial Share Alternative were taken up in full by eligible Hotel Chocolat Shareholders, and assuming the amount of Hotel Chocolat Shares issued pursuant to the Hotel Chocolat Share Schemes prior to the Effective Date is consistent with the calculation set out in Appendix 2 to this announcement, Bidco would issue around:

- (a) 99,633,261 Bidco A Shares to Mars Snacking Holdings to fund the cash consideration and costs and expenses payable in respect of the Acquisition; and
- (b) 42,699,969 Rollover Shares to those Hotel Chocolat Shareholders who validly elect to receive the Partial Share Alternative.

3. Terms of issue of Rollover Shares

The Rollover Shares to be issued to eligible Hotel Chocolat Shareholders who elect for the Partial Share Alternative will be issued credited as fully paid and will rank economically pari passu with the Bidco A Shares being issued to Mars Snacking Holdings pursuant to

the Acquisition as described above, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling on or after the date of this announcement.

4. Economic rights

The economic rights described below are subject to the risks also described below and in paragraph 15 of this announcement (for example, that (i) holders of Rollover Shares may be diluted over time, potentially significantly, should holders of Rollover Shares not elect to participate in further issues of additional shares, loan notes or other securities of the Bidco Group; (ii) holders of Rollover Shares are not always entitled to participate in such issues; and (iii) such additional securities may have different rights to the Rollover Shares).

Subject to the above, at the date of this announcement, any return of proceeds to shareholders of Bidco, whether on an Exit (as described below in paragraph 12 of this Appendix 4) or otherwise, including the right to receive and retain dividends and all other distributions and returns of capital made or paid, shall be distributed to each holder of Bidco A Shares and Rollover Shares pro rata to their holdings of Bidco Shares. The Bidco A Shares and the Rollover Shares shall rank equally as regards any distributions, dividends, buy-back, any other capital redemption or other returns of income or capital made by Bidco.

5. Governance and voting rights

Every holder of one or more Bidco A Shares on the date on which either a written resolution is circulated or a general meeting is held and who is present at such meeting shall, subject to the Bidco Organisational Documents and the Bidco Shareholders' Agreement, have one vote for each Bidco A Share.

The Rollover Shares will not entitle the holders thereof to: (i) any votes; (ii) receive a copy of any written resolution; or (iii) receive notice of any general meetings.

Bidco will generally be governed by a board of directors. The following matters, however, are reserved matters requiring the prior consent of holders of 75% or more of the Rollover Shares ("**Rollover Shareholder Supermajority Consent**"):

- (a) any issuances of shares by Bidco which are not in accordance with the pre-emption, catch-up or other procedures and customary exceptions specified in the Bidco Organisational Documents and the Bidco Shareholders' Agreement;
- (b) any dividends or distributions by Bidco to holders of Rollover Shares. Other returns of capital, including by way of buyback or repurchase of Rollover Shares, will not require Rollover Shareholder Supermajority Consent, but Mars Snacking Holdings will be required to consider in good faith any potential material adverse tax consequences of such actions on Original Rollover Shareholders (as a whole or in general) as compared to Mars Snacking Holdings prior to taking them;
- (c) any amendments to the provisions of the Bidco Organisational Documents or the Bidco Shareholders' Agreement relating to (i) the content or scope of matters requiring, or approval thresholds for, Rollover Shareholder Supermajority Consent described in this paragraph 5, (ii) permitted transfers

of Rollover Shares by Rollover Shareholders as described in paragraph 6 of this Appendix 4, (iii) the exercise, valuation and deferral of put and call options described in paragraph 7 of this Appendix 4, (iv) the board appointment right for Original Rollover Shareholders described in paragraph 10 of this Appendix 4, and (v) drag-along and tag-along rights in relation to the Rollover Shares described in paragraph 13 of this Appendix 4;

- (d) any other amendments to the rights of Rollover Shares which would be materially and/or disproportionately adverse to the economic, tax or legal position of the Original Rollover Shareholders (as a whole or in general) as compared to Mars Snacking Holdings, provided that other amendments to the rights of Bidco Shares as described below shall be permitted;
- (e) the entry into, variation or termination of any related party contract with Mars Snacking Holdings and/or its affiliates (subject to (i) customary carve outs, including for actions taken in the ordinary course of business, and (ii) a de minimis threshold).

Except as described in paragraphs (c) and (d) above, Mars Snacking Holdings may amend the rights of the Bidco Shares (notwithstanding any class rights) without the consent of the Rollover Shareholders (including Rollover Shareholder Supermajority Consent), provided that reasonable notice setting out the amendments shall be sent to Rollover Shareholders. Any amendments made without Rollover Shareholder Supermajority Consent shall be for bona fide purposes.

6. Transfers of Rollover Shares

Rollover Shares will not be transferable during an initial five-year lock up period (the “**Lock-Up Period**”) without the prior written consent of Mars Snacking Holdings except pursuant to the put and call options described below or a reorganisation approved by Mars Snacking Holdings or in respect of customary permitted transfers by an Original Rollover Shareholder to its Associates or by its Associates to other Associates of the Original Rollover Shareholder (subject in each case to such Associates satisfying the requirements in paragraphs (a) to (c) below). Permitted transfers to Associates may be in respect of some but not all of the Rollover Shares held by an Original Rollover Shareholder.

No changes in direct or indirect interests or economic entitlements in Rollover Shares shall be permitted which circumvent the restrictions on transfers during the Lock-Up Period and, without prejudice to any claims available as a matter of law, all rights attaching to such Rollover Shares shall be suspended during any such breach.

Following the Lock-Up Period, an Original Rollover Shareholder shall be entitled to transfer its Rollover Shares (provided that any such transfer is for all (but not part) of the Rollover Shares held by such Rollover Shareholder and any of its Associates), subject to a right of first refusal in favour of Mars Snacking Holdings (other than on transfers to an Associate of such Original Rollover Shareholder) and to certain other restrictions in respect of the identity of the proposed transferee. In particular, any proposed transferee of Rollover Shares after the Lock-Up Period shall:

- (a) adhere to the Bidco Shareholders’ Agreement;

- (b) complete any applicable anti-money laundering, anti-bribery and corruption, anti-sanctions and “Know Your Client” checks reasonably required by Mars Snacking Holdings or its associates, the Bidco Group or the Hotel Chocolat Group (to be undertaken promptly) and/or any antitrust or regulatory change in control approvals required by any regulator (which the Bidco Group and Hotel Chocolat shall provide reasonable information and assistance in obtaining, if required); and
- (c) not be permitted if considered by the board of Bidco (acting reasonably and without delay) to be a competitor of the Bidco Group or the Hotel Chocolat Group, or a person whose investment is likely to result in reputational harm to Mars or its associates, the Bidco Group or the Hotel Chocolat Group.

7. Put and Call Options

During certain pre-defined option exercise periods commencing on 31 December 2025, 31 December 2026, 31 December 2027 (each an “**Interim Option Exercise Period**”) and 31 December 2028 (the “**Final Option Exercise Period**”), Mars Snacking Holdings shall have the right to call for the transfer to it of:

- (a) in respect of each Interim Option Exercise Period, 20 per cent. of the Rollover Shares subscribed for by each Original Rollover Shareholder at or around the Effective Date (plus 100 per cent. of any additional Rollover Shares held by such Original Rollover Shareholder and its Associates as a result of exercise of the Option Deferral Right (defined below) in an earlier Interim Option Exercise Period); and
- (b) in respect of the Final Option Exercise Period, all remaining Rollover Shares held by each Rollover Shareholder,

for cash consideration, calculated pursuant to the valuation mechanic described below and on and subject to the further terms to be set out in the Bidco Organisational Documents and the Bidco Shareholders’ Agreement.

During each Option Exercise Period, each Original Rollover Shareholder shall also have a corresponding right to require Mars Snacking Holdings to purchase the relevant percentage of its and its Associates’ Rollover Shares described above, for cash consideration calculated pursuant to the valuation mechanic described below.

Anti-circumvention

The valuation mechanic for the put and call options will be subject to customary anti-circumvention protections which will: (i) oblige Mars Snacking Holdings to use commercially reasonable endeavours to operate the Bidco Group’s business in the ordinary course; (ii) prohibit Mars Snacking Holdings from taking (or causing or permitting to be done) any action in bad faith with the purpose of reducing the price payable to Rollover Shareholders in connection with the exercise of the put or call options; and (iii) prohibit any Rollover Shareholder from taking (or permitting to be done) any action in bad faith with the purpose of increasing the price payable to Rollover Shareholders in connection with the exercise of the put or call options where such action is not in the best interests of the Bidco Group’s long-term prospects and success.

Within 60 days of the start of each Option Exercise Period, Mars Snacking Holdings shall provide the Rollover Shareholder Representative with (A) a copy of the Bidco Group's annual management accounts (in GBP) for the relevant Reference Period, (B) written confirmation of the put and call option price for the relevant Option Exercise Period, as calculated by or on behalf of Mars Snacking Holdings (the "**Option Price**"), and (C) details of Mars Snacking Holdings' calculation of the put and call option price (together the "**Calculation Information**"). In the event that the Rollover Shareholder Representative considers in good faith that the Option Price is materially lower than it should be based on the Calculation Information, the Rollover Shareholder Representative shall be entitled to request that Bidco engages an appropriately qualified independent third party accountant to review the Calculation Information and provide an independent calculation of the put and call option price for that Option Exercise Period (the "**Independent Valuation Price**"). By requiring an independent valuation as described above, the Rollover Shareholder Representative shall be deemed to agree as agent on behalf of all Rollover Shareholders that the Independent Valuation Price shall apply in respect of that Option Exercise Period and that, if the Independent Valuation Price is less than 5 per cent. higher than the Option Price, all reasonable costs payable by Bidco in relation to the independent valuation shall be deducted from the cash amount payable to Rollover Shareholders in respect of exercise of that put and call option.

Valuation mechanic for put and call options

The price to be paid per Rollover Share pursuant to the put and call options shall be calculated at an enterprise value based on an average of the Bidco Group's revenue and (US GAAP) EBITDA multiple (equally weighted), in each case adjusted for the performance of the Bidco Group in the 12 month period prior to commencement of the relevant Option Exercise Period (the "**Reference Period**") and net of net debt adjustments. The relevant revenue and (US GAAP) EBITDA multiple shall be calculated and adjusted for the performance of the Bidco Group during each Reference Period, as follows:

- (c) if EBITDA is at or above the EBITDA Value for the relevant Reference Period, 3.0x revenue and 20.0x EBITDA (equally weighted);
- (d) if EBITDA is at or above the Low-End EBITDA Value but below the EBITDA Value, between 2.5x and 3.0x revenue and 17.0x and 20.0x EBITDA (equally weighted), increasing on a linear basis within the stated ranges based on EBITDA; or
- (e) if EBITDA is below the Low-End EBITDA Value, 2.0x revenue and 14.0x EBITDA (equally weighted),

with the resulting valuation then adjusted for net debt and then divided by the number of Bidco Shares in issue on the final day of the preceding Reference Period.

The agreed "**EBITDA Value**" and "**Low-End EBITDA Value**" for each Reference Period will be as follows:

Reference Period	EBITDA Value	Low-End EBITDA Value
12 months ended 31 December 2025	£50 million	£30 million
12 months ended 31 December 2026	£60 million	£40 million
12 months ended 31 December 2027	£70 million	£50 million
12 months ended 31 December 2028	£80 million	£60 million

Further details regarding the valuation mechanic for the put and call options will be included in the Bidco Organisational Documents and the Bidco Shareholders' Agreement which are expected to be published on or around the date of publication of the Scheme Document.

Deferral of put / call option exercise

Any Original Rollover Shareholder holding at least 5 per cent. of the Bidco Shares issued at or around the Effective Date may defer their right to exercise the put option in any Interim Option Exercise Period until the next Option Exercise Period (the "**Option Deferral Right**"). The Option Deferral Right shall be exercisable by service of written notice (in accordance with the Bidco Organisational Documents and the Bidco Shareholders' Agreement) to Mars Snacking Holdings.

If the Option Deferral Right is exercised:

- (f) the put option rights of such Original Rollover Shareholder (together with the equivalent rights of its Associates) in respect of the relevant Interim Option Exercise Period shall be deferred in full until the next Option Exercise Period;
- (g) Mars Snacking Holdings' right to exercise its call option in respect of such Original Rollover Shareholder (together with the equivalent rights of its Associates) in such Interim Option Exercise Period shall also be deferred in full until the next Option Exercise Period (other than in relation to Rollover Shares held by such persons as a result of an earlier exercise of the Option Deferral Right); and
- (h) the price payable in respect of exercise of any deferred put and/or call option in the next Option Exercise Period shall be calculated by reference to (i) the Bidco Group's performance in the most recent completed Reference Period prior to exercise of the deferred put or call option (as applicable), and (ii) the EBITDA Value and Low-End EBITDA Value in respect of such later Option Exercise Period.

The Option Deferral Right can only be exercised by an Original Rollover Shareholder once in relation to each Interim Option Exercise Period. Multiple deferrals by an Original Rollover Shareholder of the put and call options relating to their and their Associates'

Rollover Shares in respect of the same Interim Option Exercise Period will not be permitted.

8. Additional Bidco Share Issues

Further issues of securities by Bidco may be implemented following the Effective Date.

If Bidco proposes to issue new Bidco Shares, each holder of Bidco Shares shall be entitled to participate pro rata in such issuance, exercisable on at least 15 Business Days' written notice, excluding issues of Bidco Shares or transfers of Bidco Shares from treasury:

- (a) to Mars Snacking Holdings and/or its associates to finance the Acquisition;
- (b) to the Original Rollover Shareholders pursuant to the Scheme and/or the mechanism described in paragraph 14 above;
- (c) to actual or potential employees, directors, officers or consultants (whether directly or indirectly) which shall dilute Mars Snacking Holdings' Bidco Shares and the Rollover Shareholders' Bidco Shares pro rata;
- (d) other than to Mars Snacking Holdings or its associates, for non-cash consideration on the acquisition of, or merger with, all or part of another business, undertaking, company or assets, which shall dilute Mars Snacking Holdings' Bidco Shares and the Rollover Shareholders' Bidco Shares pro rata;
- (e) other than to Mars Snacking Holdings or its associates, in connection with any debt financing arrangements of the Bidco Group, which shall dilute Mars Snacking Holdings' Bidco Shares and the Rollover Shareholders' Bidco Shares pro rata;
- (f) in connection with an IPO or a pre-IPO reorganisation; or
- (g) in respect of which Mars Snacking Holdings obtains Rollover Shareholder Supermajority Consent to the disapplication of pre-emption rights.

In the case of an issue of further Bidco Shares to Mars Snacking Holdings (or its affiliates), such recipient will receive Bidco A Shares and the Rollover Shareholders entitled to participate in such issue will receive further Rollover Shares. Bidco A Shares and Rollover Shares shall be issued pro rata in the proportions which exist immediately before the new issue of securities if each shareholder in Bidco exercises their pre-emption rights in full.

Unless otherwise agreed between Mars Snacking Holdings and the Rollover Shareholder Representative, any issues of Bidco Shares following the Effective Date shall occur at fair market value.

9. Terms of Partial Share Alternative in the event of a switch

In the event that Bidco elects, with the consent of the Panel and subject to the Cooperation Agreement, to switch to a Takeover Offer, and less than one hundred per cent. of the Hotel Chocolat Shares are acquired by Bidco on or around the date of such Takeover Offer becoming unconditional, the total number of Bidco A Shares to be issued to Mars Snacking Holdings and Rollover Shares to be issued to Hotel Chocolat Shareholders who elect for the Partial Share Alternative will be reduced (and in the same proportions as between Bidco

A Shares and Rollover Shares such that the maximum number of Rollover Shares available to Hotel Chocolat Shareholders under the Partial Share Alternative will remain equal to the equivalent of 30.0 per cent. of the total Bidco Offer Shares in issue at such time).

In that event, if elections for the Partial Share Alternative are unable to be satisfied in full as a result, the number of Rollover Shares to be issued to each eligible Hotel Chocolat Shareholder who has elected for the Partial Share Alternative will be reduced on a pro rata basis, and the consideration for each Hotel Chocolat Share that is not exchanged for Rollover Shares will be paid in cash in accordance with the terms of the Cash Offer.

If (i) further Hotel Chocolat Shares are acquired for cash by or on behalf of Bidco after the Takeover Offer becomes unconditional (under the compulsory acquisition procedure or otherwise), and (ii) the Bidco A Shares to be issued to fund those acquisitions were not included in the calculation of the above 30.0 per cent. entitlement of Hotel Chocolat Shareholders who elect for the Partial Share Alternative, any additional Bidco Shares which are issued in order to fund those acquisitions will be issued in the same proportions as between each class of Bidco A Shares and Rollover Shares as existed following the initial issue of Bidco Offer Shares to electing Hotel Chocolat Shareholders. Holders of Rollover Shares shall be entitled to customary pre-emption rights or catch-up rights in relation to any such additional issue of Bidco Shares in order to maintain their percentage interest in Bidco.

10. Governance; Bidco board representation

Any Original Rollover Shareholder holding (in aggregate with any holdings of its Associates) at least 50 per cent. of the Rollover Shares issued to Original Rollover Shareholders at or around the Effective Date from time to time shall have the right to appoint a member to Bidco's board of directors at any time during the Lock-up Period (subject to the identity of such member being acceptable to the board of directors of Bidco (acting reasonably and in good faith)) to attend, speak and vote at meetings of the board of directors of Bidco. All other members of the Bidco board of directors will be appointed by Mars Snacking Holdings (or its associates).

Capital expenditure by the Bidco Group in excess of agreed levels (on a per project / per major investment basis) shall only be permitted with board supermajority consent (requiring approval of a majority of the Bidco board of directors, including any member of the Bidco board of directors appointed by an Original Rollover Shareholder pursuant to this paragraph 10). Further details will be set out in the Bidco Shareholders' Agreement.

11. Information rights

Any director appointed to Bidco's board of directors in accordance with paragraph 10 of this Appendix 4 shall receive all notices of board meetings and shall be provided with (subject to customary confidentiality undertakings, carve-outs for situations in which the board considers in good faith that such director has a conflict of interest and restrictions around the sharing of such information) all relevant papers, documents and reports provided to the members of the board, and papers, material provided to, minutes of and resolutions approved by such board and any committee of such board.

Except as provided for in this paragraph 11 and without prejudice to the information to be provided to the Rollover Shareholder Representative pursuant to paragraph 7 of this

Appendix 4, neither the Bidco Organisational Documents nor the Bidco Shareholders' Agreement will provide information rights for Rollover Shareholders.

12. Exit Arrangements

During the Lock-Up Period

During the Lock-Up Period, the following actions and liquidity events shall be at Mars Snacking Holdings' sole discretion:

- (a) any sale, transfer or disposal of or other dealing in Bidco Shares (other than Rollover Shares);
- (b) the giving of any consent for any transfer of Rollover Shares;
- (c) any reorganisation of the Bidco Group (including but not limited to any winding up or similar process in respect of any member of the Bidco Group where such process is required by applicable law or such action would not reasonably be expected to have an adverse effect on the Bidco Group as a whole or the put and call valuation described in paragraph 7). Rollover Shareholders shall co-operate and take such actions in respect of any proposed reorganisation as are reasonably requested by Bidco, Mars Snacking Holdings or Mars.

Following the Lock-Up Period

Following the Lock-Up Period, any sale of shares, asset sale, IPO, winding-up or other form of liquidity event relating to the Bidco Group (other than pursuant to the put options described in paragraph 7 of this Appendix 4) (an "Exit") shall be at the absolute discretion of Mars Snacking Holdings.

All holders of Rollover Shares are required to co-operate and take such actions in respect of any proposed Exit as are reasonably requested by Bidco, Mars Snacking Holdings or Mars. This shall include without limitation: (i) cooperating in respect of any reorganisation, restructuring or other corporate (or similar) action required to facilitate such Exit; (ii) providing warranties as to the title to the Rollover Shares held by such holder and its capacity to sell such Rollover Shares; and (iii) in the case of an IPO, entering into customary "lock-up" undertakings.

13. Drag-along and tag-along

Following the Lock-Up Period:

- (a) Mars Snacking Holdings shall have a drag right in relation to all Rollover Shares on the same economic terms on any disposal of direct or indirect interests in Bidco Shares by Mars Snacking Holdings and/or its affiliates to a bona fide purchaser which is not connected with Mars Snacking Holdings if, following such transfer, the purchaser would thereafter directly or indirectly hold a majority of the Bidco Shares.
- (b) Original Rollover Shareholders shall have a "pro rata" tag right (applicable in relation to Rollover Shares held by such Original Rollover Shareholder and its

Associates) on the same economic terms on any transfer of Bidco Shares by Mars Snacking Holdings, other than in respect of certain excluded instances including, but not limited to: (i) customary permitted transfers to affiliates or any current or prospective director, officer, employee or consultant of the Bidco Group; (ii) a reorganisation or IPO of Bidco or the Bidco Group; or (iii) where a drag right has been exercised. Original Rollover Shareholders shall have a full tag right (applicable in relation to Rollover Shares held by such Original Rollover Shareholder and its Associates) on the same economic terms on a transfer by Mars Snacking Holdings of a majority of the Bidco Shares (save that this right will be subject to certain excluded instances specified above). The tag rights described in this paragraph are exercisable by an Original Rollover Shareholder in respect of all but not only some of the Rollover Shares to which those tag rights apply.

14. Governing law and jurisdiction

The Bidco Shareholders' Agreement shall be governed by the laws of the State of Delaware in the United States. The relevant courts of the State of Delaware have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Bidco Shareholders' Agreement and accordingly any proceedings arising out of or in connection with the Bidco Shareholders' Agreement shall be brought in such courts.

15. "Know Your Client" and other regulatory requirements

Eligible Hotel Chocolat Shareholders who elect for the Partial Share Alternative will be required to provide, and procure that their affiliates and other related persons provide, to Bidco and Mars before the Effective Date such materials and information with respect to themselves (and, to the extent applicable, their directors, shareholders, members, affiliates and other relevant parties) as requested by Bidco, Mars Snacking Holdings or Mars in order to satisfy any applicable anti-money laundering, anti-bribery and corruption, anti-sanctions and "Know Your Client" checks reasonably required by Bidco, Mars Snacking Holdings or Mars or their respective associates and/or any antitrust or regulatory change in control approvals required by any regulator.

Appendix 5 Definitions

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

“£”, “Sterling”, “pence” or “p”	the lawful currency of the UK
“\$”, “US\$”, “USD” or “dollars”	the lawful currency of the US
“Acquisition”	the direct or indirect acquisition of the entire issued and to be issued share capital of Hotel Chocolat by Bidco and to be implemented by way of the Scheme or (should Bidco so elect, subject to the consent of the Panel and to the terms of the Cooperation Agreement) by way of the Takeover Offer and, where the context admits, any subsequent revision, variation, extension or renewal thereof
“Acquisition Facility Agreement”	the term credit agreement dated as of 16 November 2023, among Mars (as borrower), the lenders party thereto and JPMorgan Chase Bank, N.A. (as administrative agent);
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies, as amended from time to time
“Associate”	an associate of an Original Rollover Shareholder (including certain affiliates, close family members and related family trusts), further details of which will be set out in the Bidco Shareholders’ Agreement
“Bidco”	Hive Bidco, Inc.
“Bidco A Shares”	the shares of Class A stock of Bidco
“Bidco Group”	Bidco and its subsidiary undertakings from time to time
“Bidco Shares”	the Bidco A Shares and the Rollover Shares
“Bidco Offer Shares”	99,633,261 Bidco A Shares and 42,699,969 Rollover Shares
“Bidco Organisational Documents”	the certificate of incorporation and bylaws of Bidco
“Bidco Shareholders’ Agreement”	the shareholders’ agreement to be entered into by the holders of Rollover Shares, from time to time, and the holders of Bidco A Shares

“Business Day”	a day (other than Saturdays, Sunday and public holidays in the UK or the United States of America) on which banks are open for business in London and New York
“Calculation Information”	has the meaning given in paragraph 7 of Appendix 4 of this announcement
“Cash Offer”	375 pence per Hotel Chocolat Share
“Clean Team Agreement”	the clean team agreement dated 24 October 2023 between Mars and Hotel Chocolat entered into in connection with the Acquisition and further details of which are set out in paragraph 12 of this announcement
“Code”	the City Code on Takeovers and Mergers, as amended from time to time
“Companies Act”	the Companies Act 2006, as amended from time to time
“Conditions”	the conditions to the implementation of the Acquisition (including the Scheme) as set out in Appendix 1 to this announcement and to be set out in the Scheme Document
“Confidentiality Agreement”	the confidentiality agreement dated 16 October 2023 between Mars and Hotel Chocolat entered into in connection with the Acquisition and further details of which are set out in paragraph 12 of this announcement
“Confidentiality and Joint Defence Agreement”	the confidentiality and joint defence agreement dated 25 October 2023 between Mars and Hotel Chocolat (amongst others) entered into in connection with the Acquisition and further details of which are set out in paragraph 12 of this announcement
“Cooperation Agreement”	the agreement dated 16 November 2023 between Bidco and Hotel Chocolat and relating, among other things, to the implementation of the Acquisition and further details of which are set out in paragraph 12 of this announcement
“Court”	the High Court of Justice of England and Wales
“Court Meeting”	the meeting(s) of the Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act, notice of which will be set out in the Scheme Document, for the purpose of considering and, if thought fit, approving the Scheme, including any adjournment thereof
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & International Limited is the

Operator (as defined in such Regulations) in accordance with which securities may be held and transferred in uncertificated form

“Dealing Disclosure”

has the same meaning as in Rule 8 of the Code

“Disclosed”

information which has been fairly disclosed by or on behalf of Hotel Chocolat: (i) in the annual report and accounts of the Hotel Chocolat Group for the 53-week period to 2 July 2023; (ii) in this announcement; (iii) in any other public announcement to a Regulatory Information Service by, or on behalf of, Hotel Chocolat prior to the date of this announcement; and /or (iv) in writing to Bidco (or its officers, employees, agents or advisers in their capacity as such) by or on behalf of Hotel Chocolat (including in the virtual data room operated by or on behalf of Hotel Chocolat in connection with the Acquisition) in each case prior to the date of this announcement

“EBITDA Value”

has the meaning given in paragraph 7 of Appendix 4 of this announcement

“Effective”

(i) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to and in accordance with its terms; or (ii) if the Acquisition is implemented by way of the Takeover Offer, the Takeover Offer having been declared or having become unconditional in accordance with the requirements of the Code

“Effective Date”

the date upon which the Acquisition becomes Effective

“Excluded Shares”

(i) any Hotel Chocolat Shares beneficially owned by Bidco or any other member of the Bidco Group; and (ii) any other Hotel Chocolat Shares which Bidco and Hotel Chocolat agree will not be subject to the Scheme

“Exit”

has the meaning given in paragraph 12 of Appendix 4

“FCA”

the Financial Conduct Authority of the United Kingdom, acting in its capacity as the competent authority for the purposes of FSMA

“Final Option Exercise Period”

has the meaning given in paragraph 7 of Appendix 4 of this announcement

“Form of Election”

the form of election to be sent to Scheme Shareholders by or on behalf of Hotel Chocolat pursuant to which an eligible Scheme Shareholder may elect for the Partial Share Alternative

“Forms of Proxy”		the forms of proxy in connection with each of the Court Meeting and the General Meeting, which shall accompany the Scheme Document
“Family Trust Undertakings”	Irrevocable	has the meaning given in paragraph 6 of this announcement
“Family Trusts”		has the meaning given in paragraph 6 of this announcement
“Founder Undertaking”	Irrevocable	has the meaning given in paragraph 6 of this announcement
“Founders”		Angus Thirlwell and Peter Harris
“FSMA”		the Financial Services and Markets Act 2000
“General Meeting”		the general meeting of Hotel Chocolat to be convened in connection with the Scheme, to consider and, if thought fit, approve the Resolutions, notice of which will be set out in the Scheme Document, including any adjournment thereof
“Hotel Chocolat”		Hotel Chocolat Group plc
“Hotel Chocolat Directors”		the directors of Hotel Chocolat at the time of this announcement or, where the context so requires, the directors of Hotel Chocolat from time to time
“Hotel Chocolat Group”		Hotel Chocolat and its subsidiary undertakings
“Hotel Chocolat Share Schemes”		the Hotel Chocolat Long Term Incentive Plan, the Hotel Chocolat Save As You Earn Plan and the Hotel Chocolat Founder Shares Plan
“Hotel Chocolat Shareholders”		the registered holders of Hotel Chocolat Shares from time to time
“Hotel Chocolat Shares”		ordinary shares of 0.1 pence each in the capital of Hotel Chocolat
“Independent Valuation Price”		has the meaning given in paragraph 7 of Appendix 4 of this announcement
“Initial Bidco Shares”		has the meaning given in paragraph 14 of this announcement
“Interim Option Exercise Period”		has the meaning given in paragraph 7 of Appendix 4 of this announcement
“IPO”		initial public offering
“Lazard”		Lazard & Co., Limited

“Liberum”	Liberum Capital Limited
“Lock-Up Period”	has the meaning given in paragraph 6 of Appendix 4
“London Stock Exchange”	London Stock Exchange plc
“Long-Stop Date”	17 May 2024 or such later date (i) as may be agreed in writing by Bidco and Hotel Chocolat (with the Panel’s consent if required) or (ii) at the direction of the Panel under the Note on Section 3 of Appendix 7 to the Code
“Low-End EBITDA Value”	has the meaning given in paragraph 7 of Appendix 4 of this announcement
“Mars”	Mars, Incorporated
“Mars Snacking Holdings”	Mars Snacking Holdings, Inc., a wholly-owned direct subsidiary of Mars
“Minimum Rollover Threshold”	has the meaning given in paragraph 2 of this announcement
“Morgan Stanley”	Morgan Stanley & Co. International plc
“Offer Document”	should the Acquisition be implemented by way of a Takeover Offer, the offer document to be sent to (amongst others) Hotel Chocolat Shareholders setting out, amongst other things, the full terms and conditions of the Takeover Offer
“Opening Position Disclosure”	has the same meaning as in Rule 8 of the Code
“Option Deferral Right”	has the meaning given in paragraph 7 of Appendix 4 of this announcement
“Option Exercise Periods”	the Interim Option Exercise Periods and the Final Option Exercise Period, and “Option Exercise Period” shall mean any one of them
“Option Price”	has the meaning given in paragraph 7 of Appendix 4 of this announcement
“Original Rollover Shareholder”	an eligible Hotel Chocolat Shareholder who validly elects for the Partial Share Alternative and to whom Rollover Shares are issued at or around the Effective Date
“Overseas Shareholders”	Hotel Chocolat Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
“Panel”	the UK Panel on Takeovers and Mergers

“Partial Share Alternative”	the alternative to the Cash Offer under which eligible Hotel Chocolat Shareholders may elect to receive Rollover Shares on and subject to the terms of this announcement and the terms and conditions to be set out the Scheme Document (or, if applicable, the Offer Document) in due course, further details of which are set out at paragraph 2 of this announcement
“Partial Share Alternative Maximum”	has the meaning given in paragraph 13 of this announcement
“Phoenix”	has the meaning given in paragraph 6 of this announcement
“Phoenix Irrevocable Undertaking”	has the meaning given in paragraph 6 of this announcement
“Reference Period”	has the meaning given in paragraph 7 of Appendix 4 of this announcement
“Registrar of Companies”	the Registrar of Companies in England and Wales
“Regulatory Information Service”	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements
“Resolutions”	the shareholder resolution(s), to be proposed at the General Meeting necessary to approve, implement and effect the Scheme and the Acquisition, including (without limitation) a resolution to implement certain amendments to be made to the articles of association of Hotel Chocolat
“Restricted Jurisdiction”	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 Hotel Chocolat Shareholders in that jurisdiction
“Rollover Shareholder”	any holder of Rollover Shares from time to time
“Rollover Shareholder Representative”	such person as the Rollover Shareholders appoint from time to time by Rollover Shareholder Supermajority Consent as their agent for the purposes of certain actions to be taken under the Bidco Organisational Documents and the Bidco Shareholders’ Agreement and in the event that no such person is appointed by the Rollover Shareholders, the Original Rollover Shareholder holding the largest number of Rollover Shares at the relevant time, further details of which will be set out in the Bidco

Organisational Documents and the Bidco Shareholders' Agreement

“Rollover Shareholder Supermajority Consent”	has the meaning given in paragraph 5 of Appendix 4 of this announcement
“Rollover Shares”	the shares of Class B stock of Bidco, and “Rollover Share” shall mean any one of them
“Scheme”	the scheme of arrangement proposed to be made under Part 26 of the Companies Act between Hotel Chocolat and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Hotel Chocolat and Bidco
“Scheme Court Hearing”	the hearing of the Court to sanction the Scheme
“Scheme Court Order”	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act
“Scheme Document”	the document to be sent to (among others) Hotel Chocolat Shareholders containing and setting out, among other things, the full terms and conditions of the Scheme and containing the notices convening the Court Meeting and General Meeting
“Scheme Record Time”	the time and date specified in the Scheme Document, expected to be 6.00 p.m. London time on the Business Day immediately prior to the Effective Date
“Scheme Shareholders”	holders of Scheme Shares
“Scheme Shares”	Hotel Chocolat Shares: <ul style="list-style-type: none">(a) in issue as at the date of the Scheme Document;(b) (if any) issued after the date of the Scheme Document and prior to the Scheme Voting Record Time; and(c) (if any) issued on or after the Scheme Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme,

but in each case other than the Excluded Shares

“Scheme Voting Record Time”	the time and date specified in the Scheme Document by reference to which entitlement to vote on the Scheme will be determined
“Section 3(a)(10)”	Section 3(a)(10) the Securities Act
“Securities Act”	the US Securities Act of 1933
“Substantial Interest”	a direct or indirect interest in 20 per cent. or more of the voting equity capital of an undertaking
“Takeover Offer”	if (subject to the consent of the Panel) Bidco elects to effect the Acquisition by way of a takeover offer (as defined in Chapter 3 of Part 29 of the Companies Act), the offer to be made by or on behalf of Bidco to acquire the issued and to be issued ordinary share capital of Hotel Chocolat on the terms and subject to the conditions to be set out in the related offer document
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“Underlying EBITDA”	has the meaning given in Appendix 2 of this announcement
“United States of America”, “United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US Exchange Act”	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
“Wider Bidco Group”	Bidco and the subsidiaries and subsidiary undertakings of Bidco and associated undertakings (including any joint venture, partnership, firm or company) in which any member of the Bidco Group and any such undertakings (aggregating their interests) have a Substantial Interest)
“Wider Hotel Chocolat Group”	Hotel Chocolat and the subsidiaries and subsidiary undertakings of Hotel Chocolat and associated undertakings (including any joint venture, partnership, firm or company in which any member of the Hotel Chocolat Group or any such undertakings (aggregating their interests) have a Substantial Interest)

For the purposes of this announcement, **“subsidiary”**, **“subsidiary undertaking”**, **“undertaking”**, **“associated undertaking”** have the meanings given to them by the Companies Act.

References to an enactment include references to that enactment as amended, replaced, consolidated or re-enacted by or under any other enactment before or after the date of this announcement.

All references to time in this announcement are to London time unless otherwise stated.

References to the singular include the plural and vice versa.