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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

Close Brothers agrees sale of Winterflood to Marex

25 July 2025

Close Brothers Group plc ("**the group**" or "**Close Brothers**") has agreed to sell its execution services and securities business, Winterflood Securities ("**Winterflood**") to Marex Group plc ("**Marex**") for a consideration amount of approximately £103.9 million (the "**Transaction**") in cash.

The Transaction is aligned with the group's strategic priorities to simplify the portfolio, enhance operational efficiency and drive sustainable growth. As previously outlined, Close Brothers is actively evaluating its portfolios to ensure that returns are maximised, and believes this is the right time to sell Winterflood and focus on the group's core lending activities.

The Transaction is expected to complete in early 2026 and is conditional upon receipt of customary regulatory approvals.

Mike Morgan, Close Brothers Group Chief Executive, commented:

"Following a comprehensive strategic review, the Board is pleased to announce the sale of Winterflood to Marex. This transaction marks another important step in simplifying the group to focus on our core specialist lending business, following the sale of CBAM in February 2025. We see Marex as an excellent steward for the business going forward, we thank the Winterflood team for their hard work and commitment over the years, and wish them every success in their next chapter with Marex."

Ian Lowitt, Marex Chief Executive Officer, commented:

"This acquisition gives us an opportunity to transform our existing equity market making business into a leading franchise, utilising the technology and connectivity of what is the leading brand in this market. We believe we can gain economies from operating at scale and also benefit from Winterflood's great technology and strong client relationships, which will enable us to introduce additional products and services from across our platform to a new set of clients."

Consideration

Under the terms of the Transaction, the consideration payable to Close Brothers comprises cash consideration of approximately £103.9 million payable by Marex to Close Brothers on completion, based on 30 April 2025 financials, and a £ for £ adjustment for movements in the tangible net asset value of Winterflood between 30 April 2025 and completion.

Financial impact

On completion, the Transaction is expected to benefit the group's Common Equity Tier 1 ("**CET1**") capital ratio by c.30 basis points based on financials as at 30 April 2025 on a pro forma basis, increasing the group's CET1 capital ratio from 14.0% to c. 14.3%.

This calculation is based on a tangible net asset value of £88.9 million and assumes an immediate reduction in market and credit risk weighted assets ("**RWAs**") associated with Winterflood. We expect further CET1 capital ratio benefits of up to c.25 basis points from a reduction in operational risk RWAs currently associated with Winterflood in due course.

Winterflood is expected to fulfil the requirements of IFRS 5 and be classified as 'held for sale' and 'discontinued operations' in the group's Full-Year 2025 financial statements. A goodwill impairment loss on disposal of c.£15 million¹ is expected to be recognised on classification as held for sale. No further loss on disposal is expected to be recognised on completion of the Transaction in the Full-Year 2026 financial statements.

The estimated financial impact included in this announcement is unaudited and remains subject to review as part of the group's interim and full-year audit processes.

Additional information

The Transaction is subject to obtaining approval from the FCA and FINRA (as Winterflood Securities Limited is regulated by the FCA and Winterflood Securities US Corporation is a FINRA registered broker-dealer under 15a-6) in respect of the change

A break fee is payable by Marex in the event that FCA approval for the Transaction is not received.

The person responsible for arranging for the release of this announcement on behalf of Close Brothers is Sarah Peazer-Davies, General Counsel and Company Secretary.

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About Close Brothers

LEI: 2138001S47XKWIB7TH90

Winterflood, wholly-owned subsidiary group of Close Brothers, is a leading UK liquidity provider, delivering high-quality execution services to over 500 stockbrokers, wealth managers, institutional investors and other market counterparties. It also provides corporate advisory services to investment trusts and institutional sales trading. Winterflood Business Services provides outsourced dealing and custody solutions to over 60 corporate clients.

Marex Group plc is a diversified global financial services platform providing essential liquidity, market access and infrastructure services to clients across energy commodities and financial markets. The Group provides comprehensive breadth and depth of coverage across four services: Clearing, Agency and Execution, Market Making and Hedging and Investment Solutions. It has a leading franchise in many major metals, energy and agricultural products, with access to 60 exchanges. The Group provides access to the world's major commodity markets, covering a broad range of clients that include some of the largest commodity producers, consumers and traders, banks, hedge funds and asset managers. With more than 40 offices worldwide, the Group has over 2,400 employees across Europe, Asia and the Americas.

Key historical financial information on Winterflood

Balance Sheet (£ million) ²	31-Jul-23	31-Jul-24	31-Jan-25
<i>Close Brothers Group</i>			
Net Asset Value ³	1,644.9	1,842.5	1,710.7
Tangible Net Asset Value	1,381.2	1,576.5	1,456.4
<i>Winterflood</i>			
Total Assets	870.5	825.0	1,305.6

Total Liabilities	778.1	734.6	1,215.8
Net Asset Value (incl. goodwill)	115.7	113.7	113.1
Net Asset Value (excl. goodwill)	92.4	90.4	89.8
Tangible Net Asset Value	91.8	89.8	88.6

Income Statement (£ million) ⁴

Winterflood	FY 2023	FY 2024	H1 FY 2025
Net Interest Income/ (Expense)	0.5	(0.4)	(1.2)
Non-interest Income	74.8	73.4	35.8
Operating Income / (Expense)	75.3	73.0	34.6
Administrative Expenses	(67.5)	(68.9)	(33.2)
Depreciation and Amortisation	(4.3)	(5.9)	(2.2)
Impairment Gains on Financial Assets	-	0.1	-
Total Operating Expenses Before Adjusting Items	(71.8)	(74.7)	(35.4)
Adjusted Operating Profit / (Loss)	3.5	(1.7)	(0.8)
Operating Profit / (Loss) Before Tax	3.5	(1.7)	(0.8)

Footnotes

1. This estimate is based on the difference between the expected cash proceeds and Winterflood's net asset value, including goodwill of £23.3 million, as well as transaction costs. £23.3 million of goodwill is allocated to Group (central).
2. Extracted from Close Brothers' consolidated and segmental balance sheets as at 31 July 2023, 31 July 2024 and 31 January 2025, except for Tangible Net Asset Value and Winterflood's Net Asset Value (incl. goodwill) and Tangible Net Asset Value.
3. £23.3 million of goodwill associated with Winterflood is allocated to Group (central).
4. Extracted from Close Brothers' segmental income statements for the financial year ended 31 July 2023, financial year ended 31 July 2024 and the six months ended 31 January 2025.

Cautionary Statement

Certain statements included within this announcement may constitute "forward-looking statements" in respect of the group's operations, performance, prospects and/or financial condition. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "anticipates", "aims", "due", "could", "may", "will", "should", "expects", "believes", "intends", "plans", "potential", "targets", "goal" or "estimates". Any forward-looking statements reflect Close Brothers' current view with respect to future events and, by their nature, involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Except as may be required by law or regulation, no responsibility or obligation is accepted to update or revise any forward-looking statement resulting from new information, future events or otherwise. Nothing in this announcement should be construed as a profit forecast and no statement in this announcement should be interpreted to mean that the future earnings per share, profits, margins or cash flows of Close Brothers following the Transaction will necessarily match or be greater than the historical published earnings per share, profits, margins or cash flows of Close Brothers.

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