Base Cost Apportionment – B Share Scheme

IMPORTANT NOTE: The following document contains information and examples intended to offer guidance on the apportionment of the base cost of your Existing Ordinary Shares between your New Ordinary Shares and your B Shares.

These comments are intended only as a guide to United Kingdom tax law and HM Revenue & Customs published practice current as at the date of the Circular, being 2 August 2021, both of which are subject to change at any time (potentially with retrospective effect). They do not constitute, and should not be taken as, tax advice. They are not exhaustive and relate only to certain limited aspects of the United Kingdom tax treatment of the B Share Scheme and Share Consolidation. They are intended to apply only to Shareholders who: (i) are resident and, in the case of individuals, also domiciled in (and only in) the United Kingdom for United Kingdom tax purposes and to whom split-year treatment does not apply; and (ii) are and will be the direct absolute beneficial owners of their Existing Ordinary Shares, B Shares, New Ordinary Shares and Deferred Shares (and any dividends paid on them) and who hold, and will hold, them as investments other than under an individual savings account or pension arrangement (and not as securities to be realised in the course of a trade or which constitute carried interest).

The comments may not apply to certain Shareholders, such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from tax and Shareholders who have (or are deemed to have) acquired their Existing Ordinary Shares by virtue of an office or employment. Such persons may be subject to special rules.

Shareholders should always seek their own advice from an appropriate independent and authorised professional if they are in any doubt as to their tax position or are subject to tax in a jurisdiction other than the United Kingdom.

The initial issuance of the B Shares and the New Ordinary Shares as a result of the Share Consolidation on 6 September 2021 should constitute a tax-free reorganisation of the share capital of the Company. Accordingly:

(1) Shareholders receiving B Shares and New Ordinary Shares should not be treated as having made a disposal of all or any part of their holding of Existing Ordinary Shares; and

(2) a Shareholder's holding of B Shares and New Ordinary Shares should together be treated as the same asset as that Shareholder's holding of Existing Ordinary Shares and as having been acquired at the same time, and for the same consideration, as the holding of Existing Ordinary Shares.

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This guidance is intended to assist with the calculation of the tax due following the B Share purchase by outlining the steps necessary to apportion the Capital Gains Tax (**"CGT"**) base cost in your Existing Ordinary Shares between the B Shares and the New Ordinary Shares.

IMPORTANT NOTE: Shareholders should be aware that the numbers used below are for illustrative purposes only and are not reflective of actual values.

Step 1: Calculate the base cost of your Existing Ordinary Shares

The first calculation should be of the base cost amount relating to your Existing Ordinary Shares immediately prior to the Share Consolidation.

In this document, the following share acquisitions shall be used as a worked example:

Acquisition event	Number of Existing Ordinary Shares acquired	Acquisition price per share	Total acquisition price
Sep 2020 - purchase on London Stock Exchange (XLON); Main Market	5000	4100 pence	£205,000
April 2021 - purchase on London Stock Exchange (XLON); Main Market	5000	4600 pence	£230,000
Total	10000		£435,000

The total base cost of the Existing Ordinary Shares is equal to the total acquisition price of those shares, being £435,000.

To calculate the base cost per share, the total base cost should be divided by the total number of Existing Ordinary Shares:

£435,000 / 10000 shares = 4350 pence

Step 2 – Apportion the base cost between New Ordinary Shares and B Shares

To calculate the tax due on a subsequent disposal of all or part of a Shareholder's B Shares or New Ordinary Shares, that Shareholder's CGT base cost in their holding of Existing Ordinary Shares will need to be apportioned between the B Shares and the New Ordinary Shares by reference to their respective values on the first day on which the New Ordinary Shares were listed.

In the illustrative worked example below, prior to the Share Consolidation the Shareholder held 10,000 ordinary shares. For these illustrative purposes, an opening share price of £48.00 per share is used. The total value of this illustrative shareholding, prior to the Share Consolidation, is £480,000.

Reference to Market Value means the following:

Market values	Per Share	Total value
Price of New Ordinary Share on first day of trading – represented now by 9,235 ordinary shares, following the Share Consolidation which takes place at a ratio of 0.9235	4800 pence	£443,280
Value of B share – represented by 10,000 B shares	371 pence	£37,100
Total value		£480,380

In the above worked example, the Shareholder held 10,000 Existing Ordinary Shares which had a base cost of 4350 pence per share, and a total base cost of £435,000.

Following the Share Consolidation, the Shareholder now holds the following:

- 9235 New Ordinary Shares (based on a consolidation ratio of 0.9235 meaning each Shareholder receives 9235 New Ordinary Shares for every 10000 Existing Ordinary Shares held at Record Time)
- 10000 B Shares

To calculate the apportionment, apply the following calculation:

Market Value of the relevant share class

Market Value of the New Ordinary Shares + Market Value of the B Shares

x

Base Cost of Existing Ordinary Shares

The table below provides a worked example of this:

Share type	Number post-consolidation	Market value as at 6 September 2021 (pence per share) *for illustrative purposes only	Total Market Value of Holding as at 6 September 2021 *for illustrative purposes only	Apportionment as % (rounded to 2 decimal places)	Apportioned Base Cost
New Ordinary Shares	9235	4800	£443,280	**92.28%** (£443,280/£480,380)	**£401,404.72** (£443,280/£480,380) x £435,000
B Shares	10000	371	£37,100	**7.72%** (£37,100/£480,380)	**£33,595.28** (£37,100/£480,380) x £435,000
Total			£480,380	100%	£435,000

<u>Step 3 – Calculate the gain/loss on the purchase of the B Shares</u>

To calculate the gain or loss arising on the purchase of the B Shares, the following calculation may be used:

Market Value of the B Shares – Apportioned Base Cost for the B Shares

<u>Worked example:</u>

B Share Proceeds ***A***	***Apportioned Base Cost*** ***B***	***Gain/Loss*** ***A-B***
£37,100	£33,595.28	**£3,504.72**

Any chargeable gain arising as a result of the purchase of the B Shares may be reduced, depending on the availability of your annual capital gains tax exemption and any other reliefs. In some cases, the base cost may be increased by indexation allowance (please see the Circular for further details). If a loss arises, you may be able to utilise that loss to reduce your CGT liability for any gains made in the current or future tax years.

IMPORTANT NOTE: Please note that the Company is not able to provide tax advice and these examples are for illustrative purposes only. You should seek appropriate advice when completing any tax return which reflects any matters for which the apportionment is relevant.