



YOUR GUIDE TO B SHARES

May 2023



Payments to Shareholders

At McBride plc's (the **Company**) General Meeting on 24 March 2011, shareholders approved the issue of non-cumulative redeemable preference shares with a nominal value of 0.1 pence each (**B Shares**) as a method of making payments to shareholders rather than paying a cash dividend. It is the Board's intention that any future payments to shareholders will be made by way of a cash dividend, rather than by the allotment and issue of B Shares. However, holders of B Shares are still permitted to retain their B Shares or redeem all or some of them for cash.

What can I do with my B Shares?

Please note that under the Company's £175m Revolving Credit Facility ('RCF') as amended and announced on 29 September 2022, the Company is not permitted to redeem or repay any of its share capital. This restriction remains in place until the original maturity date of the RCF in May 2026. Once this restriction is lifted, you will be able to do one of two things with your B Shares:

1. Redeem all (or some of) your B Shares for cash; or
2. Keep your B Shares

These options are explained in more detail on the following pages.

1. Redeeming the B Shares

You can receive cash by electing to redeem your B shares:

Either, by completing the form on the reverse of your B share certificate and returning your certificate to the Company's registrars by 1.00pm on the date that is ten business days before the relevant redemption date or, if you hold your ordinary shares in uncertificated form (i.e. in CREST) by submitting the appropriate message through the CREST system by no later than 1.00pm on the date that is ten business days before the relevant redemption date.

If you decide to redeem your B Shares then we strongly recommend that you arrange for payments to be credited direct to your bank account. This removes the risk of a cheque going astray in the post and means that the cash is credited to your bank account straight away. You can provide your bank details to the Company's Registrar when you complete the form on the reverse of your B Share certificate.

B shares will be redeemed at 0.1 pence per share on the relevant redemption date.

2. Retaining your B Shares

If you retain your B Shares you will receive cash dividends on the B Shares twice a year fixed at 75 per cent of the interest rate known as LIBOR. The example below will give you an idea of the sort of return you can expect should you decide to retain your B Shares.

Assuming the LIBOR rate for the B Share dividend was 1% per annum:

- 75% of LIBOR @ 1% = 0.75% per annum

The B Share dividend is paid twice a year and is calculated on a six monthly basis:

- 0.75% dividend by 2 = 0.375%
- 20,000 B Shares @ 0.1p nominal value each would be £20
- 0.375% return on £20 = 7.5p

You would receive a B Share dividend of 7p (i.e. 7.5p rounded down to the nearest whole penny). This dividend is non-cumulative which means that it does not accrue if unpaid.

Note: B Shares are not listed on the London Stock Exchange and therefore there is no ready market in which you can sell your B Shares (although they are capable of being transferred privately).

Frequently asked questions

What are B Shares?

B Shares are non-cumulative redeemable preference shares of 0.1p each in the capital of the Company that can be redeemed for cash. B shares will no longer be issued in lieu of a cash dividend, but can still be redeemed in November of each year.

What is a B Share worth and how does this value correspond to the cash dividend I could have received under a dividend arrangement?

The nominal value and redemption price of each B Share is 0.1 pence. Therefore 1,000 B Shares are worth £1. In total, the B Shares issued to you had a value equal to the cash dividend the directors would have recommended be paid to you if dividend arrangements were in place. If you choose to redeem the B shares issued to you, you will therefore receive the same amount of cash that you would have received if the Company had declared a cash dividend. For example, instead of a cash dividend of 2 pence per ordinary share, you would have received 20 B Shares ($20 \times 0.1p = 2p$). If you redeem 20 B Shares you will receive 2p.

Do B Shares carry a right to attend and vote at general meetings?

Generally no. Although you are entitled to one vote for every ordinary share you hold in the Company, the B Shares will not carry a right to attend, speak and/or vote at any general meeting of the Company, with the sole exception of a meeting at which a resolution to wind up the Company is to be considered.

What is the tax position on the Issue and redemption of B Shares?

The redemption of the B Shares will be treated as a disposal for the purposes of the UK taxation of chargeable gains and may, depending on the shareholder's circumstances, give rise to capital gains tax on the amount of any chargeable gain. There should not be a charge to UK income tax on the redemption of B Shares. A full discussion of the tax effects of the B Shares is set out on 'the tax effects of B Shares' section of this booklet.

Does the change to the taxation of certain B share schemes introduced by Finance Act 2015 affect the scheme?

As part of Finance Act 2015, the UK Government enacted changes to the taxation of certain special purpose share schemes (commonly referred to as "B share schemes"). The schemes in question were those that offered a potential tax advantage to individual shareholders by giving them a choice between a return that would be taxed as a capital receipt and one that would be taxed as an income receipt. The Company's B Share Scheme offers no such choice and is therefore not considered to be within the scope of this legislation. The taxation position of UK resident shareholders should therefore be unaffected by this legislation.

This section is not intended to be and should not be construed as legal or taxation advice and is based upon UK legislation and published practice of HM Revenue and Customs as at September 2021. If you are in any doubt as to your taxation position, you are recommended to seek your own advice from an independent professional adviser.

<p>Will I receive B Shares instead of cash dividends in the future?</p>	<p>It is the Board's intention that any future payments to shareholders will be made by way of a cash dividend, rather than by the allotment and issue of B Shares.</p>
<p>Are there any circumstances other than the Company's expected annual redemption offers (referred to below) when the Company may choose to redeem B Shares in issue?</p>	<p>The total number of B Shares in issue is currently below 10% of the total number of B Shares issued therefore, under its Articles of Association, the Company may elect to redeem all the remaining B Shares in issue on giving not less than 20 days' prior written notice to the holders of B Shares specifying a date for redemption.</p>
<p>How do I elect to redeem my B Shares</p>	<p>If you hold your B Shares in certified form (i.e. not in CREST) and want to redeem the B Shares for cash, you should complete the form on the reverse of your B Share certificate. You will need to ensure that your certificate reaches the Company's Registrar, no later than 1.00pm on the date that is ten business days before the relevant redemption date. If you hold your B Shares in uncertificated form and want to redeem the B Shares for cash, you should submit the appropriate message through the CREST system by no later than 1.00pm on the date that is ten business days before the relevant redemption date.</p>
<p>What happens if my election is not received by the Registrar by the relevant time and date?</p>	<p>Elections received after this time will not be processed in respect of the next redemption to take place (except, in exceptional circumstances, at the discretion of the Company).</p>
<p>If I choose to redeem my B Shares, when and how will I be paid?</p>	<p>If your Election is received by the Company's Registrar by the relevant time and date, then, unless you have a valid standing instruction with the Company to make payments into a designated bank account (in which case see below), a redemption cheque will be posted to you or your CREST account will be credited with the redemption payments on the relevant redemption dates, depending on whether you hold your ordinary shares in certificated form or in uncertificated form in CREST. Redemption payments will be made in pounds sterling and rounded down to the nearest penny.</p>
<p>What if I have previously instructed the Company to pay dividends directly into a designated bank account?</p>	<p>If you have previously instructed the Company to make B Share or dividend payments directly into a designated bank account and if these instructions are still valid, then redemption payments will be made directly into that account, rather than in the manner set out above. If you have not already done so and wish to set up a standing instruction to make redemption payments directly into a designated bank account, please call the Company's Registrar's to request a Standing Instructions Form or, alternatively, complete the relevant section of the B Share certificate.</p>
<p>Do I have to redeem my B Shares at all?</p>	<p>No. Shareholders who do not wish to redeem their B Shares need take no action. Further opportunities to redeem B Shares will be given at the next annual redemption date.</p>

If I choose not to redeem all of my B Shares now, can I do so in the future?

Yes. The Company expects to set redemption dates in November each year for so long as B Shares are in issue.

If I have received B Share certificates in the past, can I now redeem them for cash?

If you have a B Share certificate and later want to redeem your B Shares, you will need to complete the form on the reverse of the B Share certificate and return it to the Company's Registrar. Provided the certificate is received by the relevant deadline for that redemption, the shares will be redeemed at 0.1 pence per share on the next redemption date.

Please note – if you miss the relevant deadline for a particular redemption, you will have to wait for the Company to set the next redemption date. However, as indicated above, it is expected that these will be set for November each year.

What if I need further information?

Please contact the Company's Registrar if you would like further information. Please note that the Registrar will not provide advice on the merits of the B Share scheme or give any financial or tax advice. For general information on the Company please visit the Group's website at www.mcbride.co.uk

Shareholders are also encouraged to read the original documentation sent to shareholders on 24 February 2011 in connection with the Company's proposals to introduce the B Share scheme for further background. Copies of these documents are available on the Group's website (www.mcbride.co.uk) and can be requested in hard copy by contacting the Company directly.

The tax effects of B Shares

The following paragraphs, which are intended as a guide only, are based on UK legislation and the published practice of HM Revenue and Customs as of September 2021 and are therefore subject to change. They only summarise certain limited aspects of the UK taxation treatment of the issue of B Shares. They relate only to the position of shareholders who are resident or ordinarily resident in the UK for tax purposes, who will hold their B Shares as an investment and are the absolute beneficial owners of the B Shares. They do not extend to shareholders who are subject to special tax rules (such as persons acquiring their ordinary shares in connection with employment, dealers in securities, insurance companies, collective investment schemes and other types of investment funds or vehicles). This section is not intended to be, and should not be construed to be, legal or taxation advice to any particular shareholder. If you are in any doubt as to your taxation position, you are recommended to seek your own taxation advice immediately from an independent professional adviser.

The issue of B Shares

1. The allotment and issue of B Shares did not itself create any charge to UK income tax or UK taxation of chargeable gains.
2. For the purposes of UK taxation of chargeable gains, the allotment and issue of B Shares by the Company will have been treated as a re-organisation of its share capital. Accordingly:
 - (a) a shareholder receiving an entitlement to B Shares will not have been treated as making a disposal of all or part of that shareholder's existing holding of ordinary shares by reason thereof;
 - (b) the B Shares will be treated as the same asset as, and as having been acquired at the same time as, the shareholder's existing holding of ordinary shares. Accordingly, the new combined holding of B Shares and ordinary shares (together the **New Holding**) will have the same aggregate base cost as the existing holding of shares in the Company immediately before this issue; and
 - (c) on a subsequent disposal (including a redemption) of the whole or part of the New Holding, the shareholder's base cost in respect of the New Holding will be apportioned between the ordinary shares and the B Shares by reference to their respective market values on the first day after issue on which market values or prices are quoted or published for the ordinary shares, as derived from the Official List of the UK Listing Authority in the case of the ordinary shares.

Redemption of B Shares

3. The payment by the Company of the nominal value of the B Shares on their redemption will not constitute an income distribution for UK tax purposes. Accordingly:
 - (a) no part of the proceeds received by a shareholder pursuant to the redemption will be an income receipt in that shareholder's hands for the UK tax purposes;
 - (b) a shareholder who disposes of his holding of B Shares by electing to redeem their holding of B Shares may, depending on that shareholder's circumstances, be subject to capital gains tax or (in the case of a company) corporation tax on the amount of any chargeable gain realised. In computing such gain, the base cost of the B Shares is calculated in the manner described at paragraph (2) (c) above; and
 - (c) where the shareholder is an individual, no tax will be payable on any gain realised on the redemption if the amount of the chargeable gain, when aggregated with any other chargeable gains realised by the shareholder in the year of assessment in question, does not exceed the

annual allowance of tax-free gains.

4. As part of Finance Act 2015, the UK Government enacted changes to the taxation of certain special purpose share schemes (commonly referred to as “B share schemes”). The schemes in question were those that offered a potential tax advantage to individual shareholders by giving them a choice between a return that would be taxed as a capital receipt and one that would be taxed as an income receipt. The Company’s B Share Scheme offers no such choice and is therefore not considered to be within the scope of this legislation. The taxation position of UK resident shareholders should therefore be unaffected by this legislation.
5. Set out below are two examples of the capital gains tax computation on a redemption of B Shares by an individual. However, the actual calculation would depend on the tax position of each shareholder and shareholders should consult their professional advisers. The example are for illustrative purposes only and the prices used are not intended to relate to the actual price of the ordinary shares.

In the examples, it is assumed that 20,000 B Shares (issued in respect of 500 ordinary shares) are held. It is also assumed that the market quotation of the ordinary shares immediately after the issue of B Shares is 100 pence each and that the value of the B Shares at the same time is 0.1 pence each. As explained above, in order to calculate the cost of the B Shares, the original cost of the ordinary shares is apportioned between the ordinary shares and the B Shares based on the value of both immediately after the issue of the B shares.

Cost of B Shares = Cost of ordinary shares x (Value of B Shares/(Value of ordinary shares + Value of B Shares))

The tax effects of B Shares continued

Example 1

If the historic cost for capital gains tax purposes of the ordinary shares was 75 pence each (so, the total costs of 500 ordinary shares was 37,500 pence), then:

	Pence
Proceeds from redemption of 20,000 B Shares = 20,000 x 0.1	2000
Cost of 20,000 B Shares = 37,500 x ((20,000 x 0.1)/(500 x 100)+(20,000 x 0.1))	(1442)
Gain	558

Example 2

If the historic cost for capital gains tax purposes of the ordinary shares was 125 pence each (so, the total costs of 500 ordinary shares was 62,500 pence), then:

Proceeds from redemption of 20,000 B Shares = 20,000 x 0.1	2000
Cost of 20,000 B Shares = 62,500 x ((20,000 x 0.1)/(500 x 100)+(20,000 x 0.1))	(2404)
Allowable loss	(404)

Stamp duty and stamp duty reserve tax

6. No stamp duty or stamp duty reserve tax should arise on the redemption of B Shares.

Dividends

7. The United Kingdom tax treatment of dividends paid on the B Shares will be the same as the tax treatment of dividends paid on the ordinary shares. Accordingly, under current tax law, the Company

will not be required to withhold tax at source from dividend payments it makes on the B Shares.

(a) Individuals

A dividend received from the Company on a B Share by an individual shareholder who is resident in the UK for tax purposes will be regarded as the top slice of the individual's income and no tax will be due on the dividend if it falls within the individual's personal allowance.

A dividend allowance is available to all taxpayers and a 0% rate of income tax applies to dividends covered by the allowance (£2,000 for 2021/22). The current rate of tax on dividend income above the allowance is 7.5% for dividend income falling within the basic rate band. A UK resident individual shareholder liable to income tax at the higher rate or the additional rate will be subject to income tax on the dividend at 32.5% or 38.1% respectively.



The tax effects of B Shares continued

(b) Companies

A corporate shareholder resident in the UK for tax purposes will not normally be subject to corporation tax on any dividend received from the Company on a B Share.

Overseas Shareholders

This summary only considers UK taxation. Any overseas shareholders should seek tax advice in their jurisdiction of residency.



Contact details

There are three ways to contact the Registrar:-

By Post The Registrar
 McBride plc
 Link Group
 Central Square
 10th Floor
 29 Wellington Street
 Leeds
 LS1 4DL

By Phone 0371 664 0300 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales).

Or online shareholderenquiries@linkgroup.co.uk